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Letter from C.C. of the A.U.C.P. re Decisions of 14th Party Congress

To All Sections of the Comintern.

Dear Comrades,

In view of the particular interest displayed among the brother Parties with regard to the discussion that has taken place in our Party, and since the action of the opposition in the A.U.C.P.* cannot fail to disquiet the Communist workers of the whole world and finally, as the Socialist and bourgeois press in every way exaggerates our discussion and systematically distorts the true state of affairs, the C.C. of the A.U.C.P. has decided to address, through the E.C.C.I., this letter of information to all sections of the Communist International.

The differences which have arisen amongst us are a result of our sweeping economic growth and the extremely complicated tasks facing our Party. Foreign comrades must clearly understand that with us under conditions of proletarian dictatorship, not only does the whole aspect on current policy change (for we are adapting the power already conquered to Socialist construction whilst they must first carry on the revolutionary struggle for power), but all concrete tasks also become extremely complicated. Every word and every decision of the Party must be followed by deeds. This is the only way that a Party leading the victorious proletariat can and should proceed.

The past year has been one of great economic growth; the production of industry and agriculture has almost reached the pre-war standard. The Socialist elements in industry have made great strides forward and their importance has grown. On the other hand, the transition and contradictory nature of our society, in which the peasantry is the dominating element among the masses of the population, is inevitably to be seen in the fact that simultaneously with the

* All-Union Communist Party (Russia).

growth of Socialist economic forms, the elements of capitalism have also grown (though, it is true, not by any means to such a degree) particularly in the sphere of trading capital, and in the countryside in the form of what are known as the kulak undertakings. At the present stage of development the growth of social contradictions under conditions where there are large quantities of superfluous peasant labour and in the towns there is unemployment and sections of badly-qualified and still badly-paid workers (particularly those who have recently arrived from the countryside)—this growth of social contradictions has also confronted the Party with problems as to the concrete paths of the country's development towards Socialism.

The retarded tempo of the International Revolution, the relative stabilisation of capitalism, and on the other hand, the increasing class contradictions within the country, have engendered a certain depression within the Party. This found definite ideological formulation in a number of conceptions put forward by the opposition, which became the subject of disagreement.

These conceptions concern the problem as to the possibility of building up Socialism in our country despite its technical backwardness; arising from this problem there is the question as to the interpretation of N.E.P. (is it **only** a retreat, or commencing from a certain moment also an attack on capital?); then there is the question as to the nature of our State industry (is it of a Socialist type or is it a form of State capitalism?), and then there is the problem as to the attitude towards the peasantry and its various groups. This latter most important problem in turn subdivides into a number of sub-headings, each of which is in itself of great significance.

From the viewpoint of the class struggle of the proletariat in the countryside in the present period of development, is it sufficient to **neutralise** the middle peasants and nothing more? Or is it necessary, according to Lenin's plan, to conduct a policy of a **firm alliance** with them in the general struggle against capitalist elements in the villages (kulaks, etc.)? From the viewpoint of positive Socialist construction, is it sufficient to neutralise the main masses of the peasantry? Or is it necessary, according to Lenin's plan to exert every effort in order to draw the middle peasantry through co-operation, into the work of constructing Socialism? In the struggle against the kulaks is it sufficient to organise the village poor against the kulaks? Or should

not the main masses of the peasantry be simultaneously won over to our side (i.e., the middle peasants), by means of an alliance of the proletariat and the village poor with the middle peasants in order to isolate the kulaks, etc., etc.?

It stands to reason that we cannot here even touch on an explanation of these problems. We merely enumerate some of them in order to indicate the extremely complicated nature of the problems. We request those comrades interested in these questions to study them most carefully according to the existing documents. In our opinion the resolutions of the Congress should in the first place be subjected to such a study, in particular the general political resolution on the report of the C.C.

The Congress decided that "the struggle for victory of social construction in the U.S.S.R. is the main task of our Party," that our country "has everything necessary for the complete construction of Socialist society." (Lenin.)

The Congress recorded the "economic offensive of the proletariat on the basis of the New Economic Policy, and the advance of the economic system of the U.S.S.R. towards Socialism."

The Congress stated that "one of the necessary conditions for solving these tasks (i.e., those facing the Party and C.C.) is a struggle against mistrust in the cause of constructive Socialism in our country and against the attempts to regard our enterprises, which are enterprises 'of a consistent Socialist type' (Lenin), as enterprises of a State-capitalistic type."

The Congress declared that "the main path for the construction of Socialism in the countryside (in view of the growing economic leadership on the part of Socialist industry), Socialist credit institutions and other commanding heights, in the hands of the proletariat, is to draw into Co-operative organisations the main masses of the peasantry and assure this organisation Socialist development, utilising, overcoming and ousting its capitalistic elements."

The Congress strongly condemned the "fear of the middle peasants," and declared that this 'fear' objectively leads to the undermining of the proletarian dictatorship.

The Congress explained that "the struggle against the kulaks should be conducted both by means of organising the

village poor against the kulaks and also by means of strengthening the alliance of the proletariat and village poor with the middle peasants so as to separate the middle peasants from the kulaks thus isolating these latter."

The Congress also strongly condemned both the deviation consisting in under-estimating the kulak danger and also the deviation which fails to see the importance of a struggle for the middle peasants and for their Socialist co-operation.

The Congress particularly emphasised "the necessity for struggle against this latter deviation" as the Party is more prepared for a direct struggle against the kulaks, whereas to overcome the second deviation "demands more complicated methods of struggle" and this deviation "threatens . . . a rupture in the alliance between the proletariat and the peasantry which would mean a rupture in all our constructive work."

Such are the **main** answers of the Congress to the questions directly connected with the discussion. In the resolution on the report of the C.C. an important place was given to the "course for the development and victory of the International Proletarian Revolution, the growth of proletarian solidarity, the course of the struggle against the false slogans of the League of Nations and the Second International." In the resolution on the report of the Delegation of the A.U.C.P. in the Comintern, the necessity of struggling for a correct Marxist policy is clearly emphasised, the position of the Delegation on the German, Czecho-Slovakian and Polish questions is approved; the Delegation is invited to undertake the necessary measures for re-organising the Comintern apparatus so as to secure greater participation of the most important sections in directing the work of the C.I.; the importance of the struggle for unity was particularly emphasised. The C.C. of the A.U.C.P. categorically refutes the counter-revolutionary slander as to the so-called proposed entry of the trade unions of the U.S.S.R. into the Amsterdam International or the entry of the U.S.S.R. into the League of Nations.

The C.C. of the A.U.C.P. declares that on questions of the foreign policy of the U.S.S.R. and also on questions concerning the policy of the brother Parties, there have not been any essential differences whatsoever within the A.U.C.P. The discussion on the internal problems of the A.U.C.P. has been liquidated by the decisions of the Congress. The Congress did not only take decisions of principle on the question

on the agenda, but also published a special appeal to the members of the Leningrad organisation in which it gave its opinion as to the conduct of the Leningrad Delegation, which presented a co-report and voted against the resolution of confidence in the Central Committee in open contradiction to the vote of the Leningrad Provincial Party Conference. (See "Appeal.") The Leningrad Delegation is now being disavowed by the Leningrad Communist workers. With concerted support on the part of the Party masses throughout the whole country, including those of Leningrad, with which the Congress decisions have met, the unity of the Party may be considered as being absolutely assured. Under such conditions there is every ground for believing that the Party will very shortly emerge from the sphere of the temporary economic difficulties which are connected with the economic growth of the country and on which the enemies of the proletariat are speculating.

The C.C. of the A.U.C.P. is absolutely unanimous on the point that it is not desirable to carry the discussion on the Russian question into the ranks of the Comintern. The C.C. of the A.U.C.P. is also unanimous that complete support and confidence be maintained and must be maintained with regard to the leadership of the C.I. as hitherto.

The C.C. of the A.U.C.P. hopes that the brother Parties together with the A.U.C.P. will march along their historic path with closed ranks under the banner of the Comintern.

Central Committee of the All-Union
Communist Party (Bolsheviki).



International Situation & Perspectives of Class Struggle in 1926

THE economic observer of a well-known Vienna paper, the "Neue Freie Presse," in the annual economic review for the past year, 1925, notes with triumph:

"On the whole the world has returned to pre-war trade and pre-war production. For example, the total output of coal which was in 1924, 1,335,000,000 tons, in 1925 increased by another 25,000,000 tons, and in general not only regained the pre-war figure of 1913, but has exceeded it by 10,000,000 tons. At the same time it should be noted that in comparison with pre-war times from 12 to 15 per cent. of the present consumption of fuel which formerly was covered by coal is now covered by mineral oils and by electric energy obtained from 'white coal.' As far as the other branches of production are concerned, they have also shown an increase in 1925 as compared with 1924: e.g., the output of cast iron increased from 66,000,000 tons to 73,000,000; oil from 147,000,000 to 151,000,000; steel from 76,000,000 to 81,000,000; copper from 1,350,000 tons to 1,600,000; cotton from 23,600,000 tons to 27,200,000; wheat from 925,000,000 to 1,079,000,000 tons; sugar from 24,300,000 to 24,900,000, and finally, rubber from 550,000 to 580,000 tons."

This would seem to be a picture of capitalist prosperity. However, this increase is obtained from the sum total of productive development in the old and new worlds. Examining them according to separate continents, quite a different picture is obtained. For example if we compared the present trade with pre-war trade of the various countries, we see that in America it increased by 30 per cent., in Canada by 90 per cent., in Japan by 64 per cent., and in Australia by 35 per cent. If we turn to the European countries we get figures that are by no means consoling: the foreign trade of Germany has decreased by 47 per cent., Belgium by 34 per cent., Great Britain by 5.5 per cent., and only in France has it increased, by 25 per cent., as compared with pre-war levels.

If we take the total figure for trade we find that in 1913 imports and exports together amounted to 15.8 milliard dollars and in 1925 to 15.1 milliards. This again confirms the enriching of the new world and of Japan at the cost of the impoverished Europe.

The growing role of America in world economy is seen from the increasing investment of American capital in foreign bonds, and particularly in foreign industrial undertakings. From information supplied by one of our large banks, it appears that before the war Great Britain was the foremost capital-exporting country, and attained a record figure in 1913 when she exported abroad and to the colonies capital to the extent of £195,000,000 which represents about 948,000,000 dollars. In 1924 American foreign investment already amounted to 1,248,000,000 dollars. Thus, even if we take into account the depreciation of currency, America in 1924, as far as real currency value is concerned, reached the 1913 record of Great Britain. Britain in 1924 placed on its markets a total of £135,000,000 or 648,000,000 dollars in foreign values: America exported twice as much capital as Great Britain.

In 1925 things were even worse for the European continents. It is true that for the larger part of the year the export of capital from Great Britain was prohibited in the interest of stabilising the British pound. Having in view the general trade balance of Great Britain, of which we will speak later, exports of capital even under equal conditions would nevertheless have been lower than in 1924. In the eight months of 1925 there were capital exports of 620,000,000 dollars. During this time only 270,000,000 dollars were exported by Great Britain, of which 212,000,000 went to the colonies and only 58,000,000 to other countries. The export of capital is not merely a banking operation, but is also a powerful means of seizing the sources of raw material as well as the foreign markets.

Where is American capital being sent? According to latest information, covering all of 1925, capital to the extent of one-and-a-half milliard dollars was exported from America. One-third, i.e., 500,000,000 was invested in Canada, another third in South and Central America, in Australia and Japan. Australia obtains a loan of 67,000,000 dollars in America, for its electrification scheme, and for the commensurate purchase of equipment in the United State, and also for the purchase of automobiles and trucks. The review cited above shows that

the placing of the Australian loan on the New York market caused great consternation in London, which up to now actually monopolised the financing of the British colonies.

This consternation is comprehensible, for the loan signifies America's peaceable conquest of the British Dominions. More than 80 per cent. of Canadian trade is carried on by America. On the basis of economic gravitation there follows political gravitation. Let us now see what the figures say as to Great Britain.

The British papers already contain the 1925 trading and financial balance of Great Britain. We will give it in round numbers. British imports amounted to £1,323,000,000, exports £927,000,000 of which, however, £154,000,000 were re-exported goods, i.e., those which are sold through London, Liverpool and Manchester, but which are obtained in the colonies or Dominions, whereas the export of purely British products amounted to £773,000,000. Lumping British production and re-export goods together, we find that in 1925 Great Britain bought goods abroad for £295,500,000 more than she exported. This means a steadily growing unfavourable British trade balance. In 1922 her passive balance was 180,000,000, in 1924 it was 344,000,000, and in 1925 already 395,500,000. It is true that Great Britain has a very large so-called "invisible" export, from which she receives "invisible" income. This is the income from British capital invested abroad either in bonds or foreign State securities or in various industrial undertakings, income from British insurance societies, and finally, the income of the British mercantile fleet carrying the goods of other countries. In 1924 this income reached a total figure of about £400,000,000. In 1925, this income increased in connection with the receipt of the interest on capital exported in 1924. The amount of invisible income for 1925 equals £417,500,000. Thus British finance at the end of 1925 showed a favourable balance of £22,000,000. But the British papers already pointed out ruefully that in 1920 this active balance reached £222,000,000 and that this year it is not only ten times lower than the balance of 1920, but that it is even lower than that of 1924, which amounted to about £56,000,000. The only consoling factor to which the British press alludes is the stabilisation of the British pound, which after a prolonged and costly war with the American dollar, already recovered its pre-war par. It is remarkable that Great Britain and America, though often forming a united front on international questions, wage financial and economic warfare against one another, which in most cases is expressed in serious undercurrents, but which some-

times dart to the surface in the form of sharp financial and economic conflict.

We have already seen how American capital is undermining British colonial power, bringing the British Dominions and Colonies into the spheres of its influence. Of course, British capital on its part does not sit with arms folded, but replies blow for blow. Perhaps these blows do not hit so hard as the blows of the more powerful boxer, the American Stock Exchange. But the development of British and American economic contradictions is still in the preparatory stage where both fighters, before jumping at one another's throats, pay each other compliments or else deal no very telling blows. If the floating of an Australian loan caused "consternation" in the London money market, no less consternation was caused on the New York Stock Exchange by the two loans—one for £5,000,000 and the other for £4,000,000 **which were concluded in London after New York had turned them down.** The first loan was for the German potassium industry and the second for a Brazilian coffee concern in São Paulo. Both loans had in view securing British control over two important raw materials: the first potassium salts for fertilisers, the second, coffee. One might be surprised why New York did not negotiate these two loans. This is explained very simply: the American refusal was not a matter of principle, the New York Stock Exchange procrastinated, desiring to get more advantageous terms from the Germans and Brazilians. The British utilised this vacillation.

However, the incidents of the potassium and coffee loans are nothing compared with the open war which the New York and London Stock Exchanges conducted against one another, and also the American and British press on the question of the price of raw rubber.

It is a well known fact that Great Britain was the first State to regulate the question of its war debts to America (this was done as far back as 1922); from that time on Britain began paying the American Treasury more than £30,000,000 interest yearly. Certain British politicians, including Lloyd George, protested against this deal, which was concluded by Baldwin on his trip to America, but from the viewpoint of the interests of British finance-capital, this deal was necessary in order that Great Britain might retain the central position which London continues to occupy in executing the financial operations not only of Europe, but also between Europe and America. This was the sacrifice by a middleman who does not want to lose the transactions which bring him tremendous

profit in the form of commissions. Sir Robert Horne reckoned that this commission alone covers the sum which the British Budget pays America yearly. Besides this, the settlement of the debt question and the resultant improvement of financial relations between America and Great Britain brought to London a mass of American investors, who in view of the higher interest prefer London banks to American. But the British were not content with this. Monopolists in the production and sale of rubber, which is consumed in tremendous quantities in America owing to the development of its automobile industry, they began raising the prices on rubber, thus compelling America to pay over tremendous sums yearly. Particularly in 1925 the speculation in rubber reached unprecedented dimensions. In February the price of rubber was 36 cents and by November 109½ cents. This justified Senator Tilson's declaration that Great Britain by this continued rise of rubber prices was overcharging America annually more money than was paid as interest on all the war loans granted to Europe. A frantic campaign against England was launched in America. The initiator of this campaign was the Secretary of Commerce, Herbert Hoover. The campaign found its reflection not only in the British and American press, but in the newspapers of the whole world. The papers were not at all gentle in their expressions. The American press accused Great Britain and the British press America. The New York "Times" conducted a polemic with the London "Times." The former charged the British with shamelessly speculating on the needs of the American automobile industry. The latter replied that the Americans should not look for the mote in other people's eyes and fail to see the beam in their own, for no one speculates so mercilessly on consumption needs as America, which inflates the price of wheat, cotton, copper and oil all of which are practically monopolist products of the United States.

The French press also entered this controversy as it now adopts a sympathetic attitude to everything directed against the United States, which is demanding payment of the French debts. In order to give some idea of this controversy we cite what the French paper "L'Information," organ of French industry, wrote on Dec. 30th:

"The United States continues to voice its discontent concerning the rise in prices of rubber. Meanwhile, as a British paper has observed, this rise touches the pockets of people who are rich enough to have automobiles, whereas the unprecedented rise of prices on wheat for which the Americans are to blame, hits the

pockets of the poor. **Thus the problem of distributing raw material should be examined in its entirety.** In that event it would have to be explained on what basis the American magnates arbitrarily fixed prices of wheat, cotton, sugar, oil, and metals, and maintain them at a level which systematically makes the United States the creditor of all the countries in the world and enables it gradually to appropriate the wealth of the earth. On what basis are the Americans endeavouring to grab all sources of oil and mineral riches of the world? Finally, on what basis does the American worker receive a wage two to four times higher than that received by the European workers?"

The assumption was expressed in many papers that the campaign started by Hoover pursued a definite aim—that of preparing the ground for raising prices on raw material monopolised by America. The indignation of the American press against British speculation is only dust thrown in the eyes of the European public in order that it should not observe the contemplated picking of the European pockets, for which America is preparing.

The facts cited above are extremely important. They should not be taken in their absolute sense since (as we have already observed) at the present time British and American capital are still associated in very many common interests. But these facts are symptomatic, they signalise the continually growing antagonism between America and Great Britain, which in the coming world conflicts and wars play potentially the same role as did the antagonism between German and British industry on the eve of the world war. Anglo-American relations are becoming the pivot around which world history will probably develop. The object of the struggle between Great Britain and America is the seizure of markets and sources of raw material. And now "Standard Oil" on the one side and "Royal Dutch" on the other, already represent two economic dreadnoughts waging warfare among themselves for the seizure of the world resources of liquid fuel, the one in the interests of America and the other in the interests of Great Britain. Now a struggle is already launched by America to bring the British Dominions and colonies into its orbit, and by Great Britain to bring under her influence the South American Republics.

This antagonism cannot remain without reflection also on the political relations between America and Great Britain. The role which America played in concluding the Locarno

Agreement is already well-known. This corresponded with her direct interests—to bring about political stabilisation in Europe as the pre-condition for the constantly growing investment of American capital in European economics. During 1925 in Germany alone, according to various data, about 250,000,000 dollars were invested, i.e., one-sixth of all the capital exported from America. Italy was granted a loan of 100,000,000 dollars. If we reckon the other loans which were made to Europe, including Poland, the Baltic countries, Jugo-Slavia and Roumania, we find that America invested about 500,000,000 dollars in Europe during 1925, i.e., one-third of all the capital exported.

This also explains the sympathetic attitude of America towards the League of Nations. Although the United States persistently avoids meddling in European affairs, although Coolidge in his last address to the American Senate even avoided reference to the name of the League of Nations (in which by the way America has an observer) so that no conclusion might be drawn therefrom that she contemplated entering the League, and although America participates in European conferences only in exceptional cases when her interests are directly affected, e.g., the London Conference of 1924 where she put through the Dawes Plan, nevertheless the American press is commencing to question whether or not America is making a mistake, whether or not the Locarno Agreement and the League of Nations may become the battering rams with the aid of which Great Britain and the other European States will commence smashing America. America is aware of Europe's feelings towards her. Coolidge already observed in his address to the Senate **that he "would regret if all the riches which America puts at the disposal of Europe for her economic revival should cause suspicion and envy."** The New York correspondent of the "Daily Mail" characterised the American mood as follows. The Locarno Agreement forced America to do a lot of thinking. Many unexpected voices were heard pointing out that the Americans, for economic and commercial reasons, might already be compelled to re-examine their decisions to remain in an isolation which will be no means be brilliant. Others give the League of Nations due credit for firmness in the Greco-Bulgarian conflict. They even predict that whereas the League of Nations can act decisively with regard to the events in Syria, American public opinion on the League has undergone a **sudden and dramatic change.**

One can hardly expect the "sudden" and "dramatic" changes about which the British paper's correspondent writes,

if one bears in mind the exceptional social-political conservatism of America, which with the growth of her financial and political power has become further strengthened after the war. But it is an undoubted fact that America is alarmed. It is also symptomatic that such people as Senator Borah, who formerly objected to America's participation in the World Court, created by the League of Nations, is now beginning to modify his attitude toward it. Borah formerly declared that "to support American participation on the Court in so far as it is absolutely inseparable from the League, would be a **cowardly and unconscious display of betrayal and hypocrisy** on the part of the opponents of the League." If the affairs of the League must be participated in, it is more honest to participate directly in the League itself. Now, however, Borah has begun to declare that his objections to participation in the Court are dictated by the actual substance of the matter, and not by the fact that it was formed by the League of Nations. "I am not against the World Court because it is formed by the League of Nations. It is a judicial establishment. I am not interested in its origin, but in how it functions." This new declaration of Borah's is interpreted as a change in his position and the "New York Times" explains this change by a supposed compromise which has been reached between Borah and Coolidge on the Russian question, in which the President has conceded to the Chairman of the Senate Committee on Foreign Relations, while the latter has conceded to Coolidge on the question of the World Court. It is true that Coolidge, who in his address supported the entry of America into the World Court, also emphasised in every way that this institution has no political nature, that the League of Nations is only a kind of benevolent society which pays for its upkeep. The Court is to some extent a guarantee of America's material interests in Europe.

The Locarno Conference in particular compelled America to do a little thinking. The Republican organ, "Evening Post," wrote on Nov. 18th: "The liquidation of post-war problems is proceeding in Europe with such a rapidity that it is almost too big for the naked eye. The process which commenced in Locarno will re-shape the political map of the Continent." It is indeed after Locarno that the winged words "United States of Europe" began to be heard in the European parliaments and diplomatic chancellories. But against whom will Europe unite? One of the edges of a blade such as the Locarno Agreement, and also the projected United States of Europe, are undoubtedly directed against the Soviet Union. But the other edge will undoubtedly be

directed by the European "United States" against the American United States.

In the speeches of French Ministers, the necessity of uniting the scattered forces of all European States, including also the Soviet Union, is particularly clearly emphasised. **Otherwise Europe will perish economically.** In the corridors of the French Chamber of Deputies they also add to these open statements: "otherwise America will lay her paw on Europe." The speech of the French Communist Deputy, Cachin, in which he denounced the burglarious attempt of American capital, during the Caillaux negotiations in Washington, to seize the French State tobacco monopoly met with warm approval not only among Communists, but from practically the whole House. It is characteristic that his denunciation was not rejected by the French Government. But France is not acting alone, she would not throw such a challenge to America, if she did not have the support of Great Britain. It is no secret, moreover, that it is Chamberlain who is speaking through the mouth of Briand.

The initiative taken by the League in summoning an international economic conference should also be regarded from this point of view. In the October Session of the League this proposal was again moved by the French. It was put forward by Loucheur, the French delegate. One of the questions which will come up at this international conference will undoubtedly be the question of the **distribution of raw material** at which the organ of the French industrialists "L'Information" hints in its opinions, as cited above in connection with the Anglo-American rubber war.

It would be premature to draw from this the conclusion that the success of the Conference is secured and that European States, in particular Great Britain, France, Germany and others will find a means of overcoming the contradictions existing between them. It should be assumed rather that Great Britain will utilise the difficult economic situation in France and Germany only as a means of pressure on America. We have already said that this is symptomatic for the conflicts observable between Great Britain and America. No country proceeds to the realisation of its aims so gradually and systematically as Great Britain. In maintaining friendly relations with America, in going along together with her in so far as interests are identical—in sharing the European Continent between them—Great Britain at the same time is preparing to turn from friendship to attack. For this it neglects no available means.

The well-known British naval writer Bywater, last year published a book on war in the Pacific Ocean which created a sensation not only in Great Britain but also in America, and still more in Japan, where the press made sharp attacks against the book. Bywater describes a future war between Japan and America which, in his opinion, ought to commence in 1930 and end in 1932. What is characteristic in the fiction of this writer is the analysis of the correlation of all the economic, political and military forces of the two Pacific Ocean powers. For those who wish to become acquainted with the problem of the Pacific, this novel provides much. But, of course, the significance of Bywater's book does not lie in its scientific side, but in the attempt made by this authoritative British writer to set America at the ears of Japan. Although in the interests of her friendship with America Great Britain abandoned her alliance with Japan, it nevertheless continues its own policy towards Japan separate and apart from the American policy, exactly the same way as on the European continent while she acts jointly with America, at the same time she continues her own separate policy.

Allusion has often been made, by the way, to the divergent positions of Great Britain and America in Franco-German relations; whereas America desires a complete rapprochement between Germany and France, Great Britain prefers the maintaining of Franco-German antagonism. The open antagonism between these two States is not advantageous to her as she might be drawn into European complications against her will, but a complete rapprochement between France and Germany is also not favourable to Great Britain as it would lead to the formation of a continental bloc and the gradual exclusion of the British Isles from European affairs.

Let us now examine what changes took place during 1925 in class relationship in America and Great Britain. A characteristic of American development is the further expropriation of the middle classes and particularly of the farmers. The tendency represented by the late LaFollette, who ran as the Third Party candidate at the last Presidential elections, in which he polled about four million votes, is receiving more and more reinforcements through the internal changes in American economy. The struggle of the petty bourgeoisie against finance-capital has become strikingly evident in America in connection with the settlement of war loans. As is well known, such democratic Senators as Reid (Missouri) and the Left Republicans Johnson (California) and Norris (Nebraska), and finally Borah emphatically pro-

tested against the agreement concluded by the American Government for the settlement of debts with Belgium and Italy, and also against the conclusion of a similar agreement with France. These decisions which were favourable to the European States were not dictated by political considerations, nor by a sentiment of international solidarity, or a desire to aid in the restoration of Europe, by the most egoistic covetous interests of American finance-capital. The latter brought pressure to bear on Coolidge and on the American Government in order to lower the interest on war debts in order to extend for a long time their payment period, and even cut down those war debts in part in order that the American banks themselves could grant new loans to Belgium, Italy, France and other European States, and thus **receive high interest.**

Morgan had pity for Belgian and Italian money when it was a question of paying debts to the American Government, only because Belgian and Italian money was necessary to enable the Belgians and Italians to pay this money to Morgan himself. It is a well-known fact that after the regulation of the question of the Italian war debt, this same Morgan floated a 100 million dollar loan for Italy, on which the Italian Government will have to pay 7 per cent. yearly, whereas the war debt this same Italy will pay the American Government an interest which comprises altogether (if we reckon the total Italian debt plus the as yet unpaid interest) **one twenty-eighth part** of the interest to be paid to Morgan. In other words, the generosity of America with regard to Europe is exclusively at the expense of the American petty bourgeoisie, working class and farmers. While the American Treasury must make presents of milliards of dollars to European States, American bankers organise the financial enshacklement of this same Europe. The regulation of the debts has been turned into a means of pumping money out of both American and European taxpayers to the advantage of the American bankers, the advantage of Morgan whose money-lending house is more influential than the Presidential White House of the "Great American Republic."

Continuing the policy of Great Britain, which, with a part of surplus profits extracted from the colonies and abroad, bribed the British Labour aristocracy, the American government continues to preserve the American Labour aristocracy from the competition of foreign workers, barring immigration to America: the law of last year restricted immigration and the new law completely stops it. However, stratification is proceeding among the American working class

itself at a rapid rate: the lower proletarian elements are revolting against the privileged upper strata of workers, with whose aid the American capitalists are endeavouring to lower wages of the unskilled, who on their part declare strikes. The strike in anthracite mines has already been proceeding for several months.

With regard to American policy we should also point out the present state of the negotiations on the liquidation of war debts between America and the European powers. The regulation of the debts has been settled with all States—Great Britain already in 1922 and then Belgium, Italy, Latvia, Czecho-Slovakia, Poland, Esthonia, Roumania, Lithuania, Hungary and Finland—the majority last year. Out of the total war debt of 12.1 milliard dollars (including interest, 15.2 milliards) the debts have already been regulated to an extent of 7.4 milliards. There still remain for regulation debts to the extent of 4.7 milliards. This includes the French debt of 3,340,000,000. In addition to this America reckons that Russia owes her about 200,000,000 dollars. In the debts settled, America receives yearly interest of 180,000,000 dollars, but of this sum 163,000,000 is the share of England alone.

One may see how unceremoniously the American government is now beginning to boss European affairs, among other things from Vandervelde's admission in the Belgian Chamber of Deputies, when he was driven to the wall by the Communist and Left Socialist Deputies, that upon the demand of America, the Belgian Budget was further slashed by 150,000,000 francs.

If we again return to the internal economic policy of the American Government, we must allude to one of the contradictions into which bourgeois governments frequently fall even in such individualistic countries as Great Britain and America, where on the one hand bourgeois ideologists defend the old theory that the role of the State is that of a policeman who keeps order on the street and nothing more, while on the other hand, capitalist governments, in the interests of the self-preservation of capitalism are compelled to resort to State measures which involve the State authorities in the execution of a number of economic functions—in the measures of State capitalism. In this respect, it is interesting to note the measures put forward by Hoover in the struggle against the British rubber monopoly. These measures are as follows:

1. American bankers to refuse credits to foreign monopoly industries.
2. Systematic efforts for voluntary restriction of the consumption of all these goods.
3. Encouragement of home production and consumption of rubber substitutes.
4. Support of production in countries where monopolistic tendencies are absent and finally,
—and we draw special attention to this point—
5. The creation of a corresponding directive apparatus which would remove the mutual market competition of the **many hundreds of American merchants.**

To these measures which are a direct infringement of the law of free competition, and which are a direct State intervention in private affairs, one should add the proposal made by Senator John Tilson (Connecticut) that there be a wide investigation of the means and methods applied by British colonial governments to the production and export of raw material.

Previously an analogous proposal was accepted, which among other things aroused heated protests on the part of the French press : this was to entrust the commercial agents in the American Embassies with the duty of demanding that European exporters sending their goods to America present their accounts in order to verify the net profits they were actually receiving. The material collected was evidently to serve as a pre-requisite for raising the present American high protection tariffs on European goods, which were unquestionably already high enough. A number of exporters protested against this unprecedented demand of the American government, which unceremoniously infringed upon the so-called trade secret ! But others submitted, preferring American control to the possible boycott of their goods. But the introduction of the principle of planned economy during the existence of private capitalist production, cannot go beyond definite restricted limits, not to mention the fact that in so far as it succeeds it is directed against the interests of the working class.

We will conclude with America by citing one last figure, concerning the quantity of capital invested in bonds in the past year, 1925. The total emission of bonds on the New York Stock Exchange for 1925 reached $4\frac{1}{2}$ milliard dollars.

As we have seen $1\frac{1}{2}$ milliards, i.e., one-third of this capital was exported abroad, two-thirds, i.e., about three milliards invested in American bonds. One-and-a-half milliard dollars, i.e., three milliard roubles represent a mass before which more than one government willingly bows.

The well-known British journal, "Economist," recently wrote that the yearly accumulation of capital in Great Britain amounts to about £450,000,000. In round figures this amounts to about 2.1 milliard dollars. This sum is not only less than the American, but in addition to this it includes all the reserves, whereas in the above cited American figure, only emission is included. If we approach British statistics only from this aspect, the figure of loans emitted in Great Britain was £209,000,000 in 1924 and £232,000,000 in 1925. In 1924 a large part of this emission, i.e., 125,000,000, was invested in loans for the colonies and foreign States, while only 84,000,000 millions were invested at home. In 1925, the proportion was the reverse; whereas altogether 77,000,000 were invested in foreign and colonial loans, 155,000,000 were placed on the British home market. We have already pointed out that such a distribution of British emissions was a result of the prohibition of export of British capital. The British Government wanted to guarantee the stabilisation of the pound. The best proof of this is the fact that from the moment the prohibition was raised, i.e., Nov. and Dec. of last year, the ratio between the home and foreign loans again changed: whereas there were £32,000,000 worth of foreign loans for these two months, there were altogether only 22,000,000 of internal loans.

But in general the credit policy in Great Britain in 1925 is characterised by large investment of capital in railroad construction, in re-equipment of British industry and in forming new branches of industry, particularly that of artificial silk. Whereas in 1924 all railroad loans placed in Great Britain did not even amount to £2,000,000, in 1925 they grew in £25.6 million of which 20,000,000 were for British railway construction. The rubber industry which gives such colossal profits also attracted tremendous capital: whereas in 1924 £700,000 were invested in it, in 1925 the sum of £13,000,000 now capital was put into this industry.

If we finally take into consideration two additional foreign loans which were made—one of five millions as we said above for the German potassium industry and the second for four millions for the Brazilian coffee planters—we find that

altogether Great Britain invested about £23,000,000 abroad for the sole object of seizing either the **production or control of these most important articles of industry**. But one of the reviewers observed, with regard to this fact, that **"this has long been the economic policy of Great Britain."** Another interesting fact of British credit policy for 1925 is the endeavour to strengthen her position in the colonies. Whereas in 1924 the amount of capital invested in the colonies and in other countries was practically the same, 72 and 61, in 1925, the ratio changed very greatly in favour of the colonies: out of 68,000,000 invested in foreign emissions, 52,000,000 were invested in the colonies and only 16,000,000 in other countries. One must also remember the quite recent statement of Baldwin that the government had drawn up a scheme for the electrification of Great Britain for which £13,000,000 had been assigned. The realisation of this scheme should take place within a period of 15 years.

Both of these facts—on the one hand the investment of British capital in British industry and in British railroad construction, and on the other hand the investment in the colonies—are the characteristic of British credit policy in 1925. Taking into consideration, however, that the patriotism of British capital is compulsory rather than voluntary, since in any case it could not be invested abroad, one may assume, as the figures for November and December prove, that with the raising of the prohibition, British capital will once more go where it finds the best profits, i.e., in the countries with low wages. The British press itself is not very proud of the fact that the annual accumulation in Great Britain now reaches £450,000,000. The press is much more alarmed by the fact that after the war the population of Great Britain increased by more than one million and a half, and its trade balance has not yet reached the level of the pre-war turnover, whereas in America it has already been exceeded by 30 per cent. The active balance of the British financial balance sheet, as we already observed in the beginning of this article, is being reduced year by year.

Finally, the crisis in the most important industry of Great Britain, which was a source of her entire economic power, viz., the mining industry, continues to remain acute. The total number of unemployed remains one and a quarter million as before, counting only those who are registered. To enable the British mining industry to withstand the competition of Germany and America, the British government was compelled to assign £20,000,000 as a subsidy to the mine-owners. However, they declare that despite the subsidy they

are losing. They are once more openly raising the question of the necessity of replacing the 7-hour work day by an 8-hour day, of which $7\frac{1}{2}$ hours actually to be worked in the mines, and half-an-hour for winding (descending into and coming up from the pits). They also bring forward the question of reducing wages, and add that even if their proposals be accepted, the British mining industry would not be in a position to compete with the foreigner, that it is necessary to reduce production with the result that according to their calculation 100,000 miners will have to be thrown on to the streets. Such a result as this, after the working class and other taxpayers have presented a subsidy of £20,000,000 to the mineowners, cannot appear consoling to anyone.

The prevailing mood in Great Britain is one of alarm and uncertainty for the future. Of course, capitalism with such a developed industry as the British, with so tremendous an accumulation that every year engenders another 450,000,000 new reserves—of which, however, 400,000,000 are the influx from abroad in the form of interest on loans, or income from insurance companies, from the mercantile fleet or from the British colonies—this capitalism which possesses the largest colonial empire, the most powerful fleet and with strongest social foundations will certainly not give up its positions at once. But the further development of Gt. Britain is on the *downgrade*. She must wage a desperate struggle for her existence: in the Pacific Ocean she must struggle against America and Japan, in Europe against the rehabilitated French industry and against German industry now attempting to restore her former power in the East, and with the revolutionary Soviet Union which not only itself has no desire to be transformed into a colony for British capital, but which is also with her own shoulders urging on the Eastern States and peoples towards liberation from the yoke of international imperialism. Finally, at home, British capitalism has to conduct a stubborn struggle with its own Labour movement.

In Great Britain a tremendous social conflict is maturing at the present time. There are feverish preparations in both camps. The Conservative Party, in order to strengthen the position of British capitalism, is not only undertaking risky adventures such as those in Mosul, not only manipulating diplomatic combinations such as the Locarno Agreement (which is an infringement of traditional British policy of pride in its "splendid isolation") not only instigating conflicts in Egypt, but is also taking a whole series of measures at

home, a whole series of preparatory manœuvres for the great combat. The revoltingly absurd trial against the British Communists is only like trimming the edges of the wood so as to cut down more easily the old trees, i.e., the powerful trade union movement which unites about seven million "hereditary proletarians."

In this connection it is not without interest to observe the statement printed in the most influential provincial Conservative paper, "The Glasgow Herald" (which aroused wide comment not only in the organ of the Labour Party, "The Daily Herald," but also in the Left Liberal organ "Manchester Guardian") as to the preparation in Conservative circles for the overthrow of Baldwin. In view of the approaching military activities he is considered an inappropriate general owing to his soft-heartedness. He is a minister of **civil peace**, and now a leader of **civil war** is needed. In the first place the Conservative Party blames him for granting the £20,000,000 subsidy to the mineowners on the condition that they **will not lower wages** and will not lengthen the work day. The term of the subsidy expires in May, and there are small chances of its being renewed. One must take particular account of the fact that the British State Budget which hitherto has been featured by big surpluses, now for the first time since the end of the war shows a deficit which is now already estimated at £30,000,000* and perhaps even more. After the Chancellor of the Exchequer, Churchill, raised the income tax last year by half a million, it will be impossible to find a Conservative Cabinet in Great Britain which would resort to a further rise of income tax which is so unpopular among the bourgeois electorate.

Preparations are also proceeding in the workers' camp. There also the specific weight of the fighting revolutionary elements is growing. The trial of the Communist Party only served as a stimulus for extending Communist propaganda. Latest information goes to show the rapid growth of Communist influence in Scotland, particularly in Glasgow. The Left-wing weekly the "Sunday Worker," which has almost double the circulation of the I.L.P. weekly, the "New Leader," as well as of "Lansbury's Weekly," has become an open forum in which all representatives of the Left tendency speak. The confidence of the workers, even those yet

* For nine months the Budget deficit already amounts to the sum of £123,000,000; but in view of the fact that in the fourth quarter, January-March (in Great Britain the financial year is from April 1 to March 31) the income-tax for the second half-year should come in, it is assumed that the real deficit will be much less.

untouched by Communist propaganda, tends toward the Communists, as may be seen for instance, by the popularity of the leaders having Communist sympathies, e.g., Cook, the miners' leader, whose popularity is growing steadily. The formation of a Left-wing of the trade union movement is going forward. On the other hand, the Independent Labour Party, sensing the Leftward trend of the wide masses of the workers, is endeavouring to separate itself from the Right leaders, and the formerly recognised leader of the Labour movement, the ex-chairman of the I.L.P., MacDonald, has been compelled to send his articles to the columns of the provincial Labour papers, because the "New Leader" finds his prose too opportunistic. The parliamentary fraction of the Labour Party, urged on by the trade unions, is already preparing a political platform for the approaching fight, which will break out automatically when the miners and mineowners once more find themselves face to face next May. Meanwhile, this platform—a project of reform for the entire mining industry—has been drawn up by a "Joint Commission" of Representatives of the Miners' Federation, the General Council of the T.U.C., the E.C. of the Labour Party and the L.P. Parliamentary fraction. The principle of this project is nationalisation of land, mines and of the distribution and export of coal.*

The Labour Party project speaks of the necessity of forming a number of power stations attached to the mining industry which would supply the industry with a reserve of electric energy and also for factories for re-manufacturing coal into coke, gas, manures, chemical materials, etc. The electrification of the railways is proposed. For direction of this joint branch of industry, the project proposes a Commission of Power, Energy and Transport, which should be composed of six experts for the coal, electrification, gas, transport, trade and labour conditions sections. For the management of the coal mines it is proposed to establish a National Council for coal and power. This National Council should enjoy autonomy similar to that of the directors of limited company enterprises. Side by side with the National Council, Provincial Councils should be formed which direct industry in their own districts.

On the question of finance, the project proposes that the

* It should be pointed out that in Great Britain the land under which the mines are situated belongs to one set of owners, whilst the mines belong to another set. The former receive a ground rent to the extent of £6,000,000 a year. A part of this land belongs to the Church, which receives about £370,000 a year, while another part is owned by various noblemen (such, for instance, as the Marquis of Bute, who receives £115,772 a year rent).

mines be bought out at their actual cost. With regard to land, there is a division of opinion: the Miners' Federation favours nationalising the land without compensation.

With the absolute and relative decrease of British trade, there is also a decrease in the surplus profit which British capital has not only pumped out of its own colonies, but also out of all the backward countries, and which has enabled it to bestow better working conditions upon its own labour aristocracy than prevail on the Continent. In the same measure as these sources are reduced, so British capitalism commences to gnaw at the wages of the British workers. Besides the conflict in the mining industry a conflict on the same basis is also maturing in other branches of production. All previous attempts have been shattered upon the rock of the organisation and the firmness and solidarity of the British proletariat, which on several occasions has warded off with worthiness and success the attempted attacks upon the working class undertaken, it is true with certain timidity, both by the Conservative Government and British capitalists.

The working class in Germany presents quite a different picture. Reduced to extreme poverty by the world war, by the Versailles Treaty, by the occupation of the Ruhr and the currency inflation it is demoralised to a considerable extent by the treacherous policy of the Social-Democratic leaders who lulled it to sleep with all kinds of pacifist tales about the Entente-aided economic restoration of Germany. The German proletariat is patiently tolerating the shameless exploitation and robbery on the part of the German finance-capital and heavy industry. It is difficult to believe that after the world war, and after the German revolution which fully brought out all the greediness and reaction of the German landowners and capitalists, that there could still be found in Germany even a single worker with faith in the bourgeois government and the Social-Democratic Party.

The economic life of Germany is an illustration of the most savage and ruthless policy of robbery of the masses of the people carried on through many years with devilish stubbornness and persistency. Lacking the most necessary circulating capital, the German bourgeoisie has attracted capitalist Norman conquerors, mainly Americans for the exploitation of the German workers and the despoliation of the entire property of the German people.

This is best illustrated by figures.

From the annual review of German economic life printed in the weekly "Frankfurter Zeitung," for Dec. 31,

and Nov. 7th, one may select the following: on the basis of present prices, the German trade balance for the 11 months of 1925 gives a debit balance of 4.5 milliard German marks. According to data in the "Neue Freie Presse," which gives the figures for the whole year, the import of foreign goods into Germany was 12.4 milliard marks, while the export totalled 8.1 milliard marks. But for more round figures let us take as a basis the statement of the "Frankfurter Zeitung." An inconsequential part of the deficit in the trade balance, about half a milliard marks, according to this calculation is covered by invisible export, and four milliards are covered either by credit received from abroad or by the influx of foreign capital into German industry. Long term credits and loans received by Germany during 1925 are estimated at about one milliard and a half marks. The participation of foreign capital by means of purchasing shares in German enterprises, etc., was half a milliard marks. Thus another two milliard marks remain, i.e., half of the debit balance, which is exclusively maintained on short term credits. As on the one hand the 1924 unpaid foreign credits and loans of two milliard marks were carried over to the 1925 deficit, one may reckon that the total debt Germany owes abroad for these two years amounts to six milliards. If we reckon the average interest paid on these debts as $7\frac{1}{2}$ per cent., we get a total sum of 450,000,000 which is a kind of tribute which Germany pays to the foreign capitalists. In reality, it is much higher because a part of the foreign credits received by German industry, in addition to the annual bank interest, draws also part of the profits of German industry. These deals were revealed when the Americans received 9 per cent. for their credits and in addition also participated in 50 per cent. of the profits of the undertakings financed by them.

The number of unemployed has more than doubled. A diagram in the "Frankfurter Zeitung" shows that without counting the miners and commercial employees, the number of unemployed members of labour unions was 670,000 in December. Then comes the second category of a still greater number of workers who work only from 26 to 39 weeks per year and who receive no grant from the unemployment funds. The total number of unemployed, including commercial employees and mines, is not less than one million. In other words, every twelfth German engaged in industry, trade or transport, is unemployed.

There is a still larger number of those who work only a certain number of days per week. The following are the

figures for a few separate unions. In the Textile Workers' Union, 20.8 per cent. of the workers are employed only a few days per week; in the Christian Unions up to 16 per cent.; in the Garment Workers' Union the unemployed are 16 per cent. and those working only a few days per week are 37.5 per cent. It is interesting to compare the figures for 1923, 1924 and 1925. The average number of unemployed per month in 1923, i.e., during the year of the Ruhr occupation, the inflation year, was altogether 400,000. In August, 1924, it was 588,000; in October, 436,000, and in January, 1925, 535,000. Thus, despite the rise of industry, during the second half of 1924 the number of unemployed remains stationary. In the first six months of 1925 the number of unemployed fell: from 535,000 in January, it declined to 320,000 in May, and 195,000 in July. In September, it again began to rise very sharply: in September, 231,000, in November, 354,000, December 1st, 669,000 and by December 15th, 1,057,000. In general the number of organised unemployed in September was $4\frac{1}{2}$ per cent. It grew to 11 per cent. in November. Workers engaged on short time numbered 5.8 per cent. in September and 22.3 per cent. in November. As far as wages are concerned, although during the first half of 1925 there was a certain increase, they nevertheless amounted only to 70 per cent. of the pre-war level. With regard to working hours, only 35 per cent. of the workers engaged in industry and mining enjoy the eight-hour day.

The number of bankruptcy cases is steadily growing; in November there were 30,344 failures which either liquidated or received a moratorium. The number of protested bills fluctuates between 5,000 and 6,000 per week. During the year about 160 companies were liquidated. Some of the most important firms belonging to various combines have gone bankrupt, among others the Stinnes concern which, after the death of its founder, had a credit of one milliard gold marks. Such large enterprises as "A.G.A.", the Hannover Waggon Works, the concern of "Richard Kard," the Otto Yamann Company, "Schielkonzern," etc., also went bankrupt. Others would also have gone the same way had there not been the aid of the Imperial Bank, of foreign credits and also the sale to foreign capital of the shares of many concerns. From the rapidly-growing unemployment during the second half of 1925 the conclusion could already be drawn as to how suddenly and catastrophically the German crisis has developed. Although it is considered the third crisis during the last few years, its dimensions have exceeded all records. The average unemployment figures again bear this out.

It is characteristic that at the beginning of 1925 the

German production of coal, cast iron and steel reached the pre-war figures, the output of steel even exceeding them. It was possible to boast of—Victory! The German papers boasted, and the British press wrote with bitterness that a number of shipping firms in England had given orders for ship construction to German shipyards, as the bids received in Great Britain were 10 to 15 per cent. higher. But in the second half of 1925 production commenced to decline rapidly and a stormy crisis broke out. What are the reasons for this crisis? First of all, of course, we have here the case of a specifically and exclusively German crisis, as in connection with the occupation of the Ruhr, which artificially held back the development of German industry. (As is generally known, at that time the industrial magnates of the Ruhr District declared a so-called passive resistance and the rest of Germany remained without coal, which it had to buy in England at high prices.) The present crisis in Germany has a more variegated origin. On the one hand the weighty heritage of the Versailles Treaty is undoubtedly weighing down German industry, as is also the after effect of the inflation period. On the other hand the German crisis is a result of the contraction of the world market for German industry, due to the competition of such inflationist countries as France and Italy, and owing to the protectionism in England simultaneous with the £20,000,000 subsidy given to the British mineowners. It is also explained by the technical backwardness of German industry and the lack of floating capital.

Let us examine these points a little closer.

In speaking of the Versailles Treaty we, of course, have in view above all the Dawes Plan, which regulated Germany's reparation payments. The absolute figure of Germany's 1925 payments is relatively low. As is generally known, the present payments should commence from this year—one milliard gold marks. Last year Germany paid in money and in kind 224,000,000 marks. To this should be added another 26,000,000 marks, the interest on the £40,000,000 loan which was made in 1924. But the Dawes Plan "in the interests of improving" German finance, included among the duties of the German Government that of increasing taxes, which already at the end of 1924, reached the figure of 4.4 milliard marks, whereas in 1914 they totalled only 1.9 milliard marks. This is a difference of 127 per cent. In 1925, if both State and municipal taxes were lumped together, the total figure would be 7.1. milliards against 4.5 milliards, i.e., by 88 per cent. more than in 1913. It should be observed here that 70

per cent. of these taxes fall on the working class, peasantry and petty bourgeoisie.

The second point is inflation. This was a cause of the unnatural distension of German industry thanks to the policy of the Imperial Bank. In assigning credits to German industry, the Imperial Bank accepted the risk of a fall of the German mark, which cost it about 800,000,000 gold marks. The German industrial magnates made tremendous profits which they invested in new enterprises. It is a known fact that the Stinnes concern grew considerably by this speculation with the mark. Private banks very eagerly realised their reserve marks in the form of credits to industrial owners—fearing to retain them in their own hands because of their constant depreciation. The stabilisation of the mark also put an end to this credit bacchanalia. From this moment on German industry found itself under very difficult credit conditions. Unable to find floating capital in Germany itself, it had to chase after costly American and British credits. Even at the end of 1924 the British economic press stated that the cost of production of German coal is so much lower, that it enabled the German mineowners to sell their coal for six millions cheaper than the British. The situation changed from the moment the subsidy was granted to the British mineowners.

British industry, on the basis of the law for combatting artificial competition, the law against "dumping," raised the duties on various German industrial articles. Italian and French industry, on their part, thanks to inflation and relatively cheap labour power, put German industry at a still greater disadvantage. German industry could only maintain her foreign markets either by re-equipping industry, and bringing it up to the adequate technical level (such re-equipment was partially carried out only in the automobile industry) or else by lowering wages. But here also the extreme limits were reached, since, as we have seen, wages are now 30 per cent. below pre-war levels. Or, finally, by selling goods abroad cheaper than their cost of production, and replacing the difference at the expense of the German consumer. In order to fulfil their aim, naturally the competition of foreign industry on the German market had to be obstructed, which was actually done last year. Heavy industry, together with the agrarians and the manufacturers of ready-made commodities, introduced a new protective tariff in Germany. However, dumping (sales abroad below cost price) also failed to help.

But whatever may have been the causes of the crisis, there is one fact upon which all agree—that the **crisis which**

has again overtaken German industry with such sharpness, is not temporary. And the organ of heavy industry, the "Bergwerkzeitung," and "Vorwaerts" equally confirm that unemployment and the industrial crisis in Germany are assuming the same long-drawn out form which they acquired in England after the war. One of the results of both last year's and the present one is the concentration of enterprises in the hands of finance-capital. Whereas during the inflation period, the German banks hastened to lighten the situation of the industrial undertakings by granting them credits, as soon as the mark was stabilised, they conducted a different policy, restricting credits and seizing into their own hands the enterprises, which collapsed from lack of floating capital (the role which the German banks played in hastening the bankruptcy of the Stinnes concern is, of course, well-known). Instead of the former combines which were constructed along vertical lines, new combines are now appearing in Germany built on horizontal lines. The characteristic thing about them is that they not only affect industry, but also touch agriculture, whose formal and actual owners are German bank capital which either operates on its own account or on behalf of American finance-capital.

Having thus concentrated a section of German industry into their own hands the German banks are now seeking a way out of the existing situation. It is not difficult to perceive in what direction they will hunt this exit. Already last year a campaign was launched in the German bourgeois press for the lowering of the taxes which **lie on industry**, which means transferring these taxes to the working class and peasantry, who already now pay 70 per cent. of the State taxes. A new attempt will be made to decrease wages and lengthen the work day. As a result of this the internal contradiction in Germany will become more acute and the class struggle more severe. In this respect the position is analogous to that existing in 1923, but with the following circumstances unfavourable to the working class: the stabilisation of Germany's foreign situation, the strengthening of the State apparatus, the more extensive integration of the entire German economic system with American capital which is interested in safeguarding German capitalism both politically and financially. We pointed out above that in 1926 Germany has to pay one million marks for reparations. On the basis of the Dawes Scheme these marks must be exchanged abroad for the corresponding currency. The result of this rise in the supply of German marks will mean their depreciation and Germany will be threatened with the prospect of losing the only real result of all the heavy sacrifices which the entire German economic system (in particular the

working class) made to stabilise the mark from 1923 to the present day.

What kind of credit and debit balance can French economy show for 1926? During the first eleven months of 1925 France closed her trade balance with a credit of 2,250,000,000 francs at her disposal. Thus already for the second year she is selling more than she is buying. But in view of the fact at the end of the year a purchase of raw materials abroad generally takes place, it may be reckoned that her balance on foreign trade will be about two milliard francs. Her financial balance is also favourable. The credit side is estimated at ten milliard francs. This credit balance includes export balance of two milliards, interests from foreign bonds three milliards, income from foreign tourists three milliards, income from freights and insurance two milliards. What is her debit side like? According to the calculations of the British "Economist" (January 9) France has to pay out in foreign money on foreign State loans, and also on the transfers of foreign workers living in France who send money to their families abroad, 5.7 milliard francs. This figure which they consider as absolutely exact, may be a little exaggerated, but is by no means improbable. (According to the 1924 financial balance, workers' money transfers abroad reached altogether only 500,000,000 francs). Thus on her financial balance also, France is in a favourable position.

But at the same time an acute financial crisis continues in France. During 1925 the French franc depreciated by 55 per cent. State finance is in an inconceivably chaotic state. During 1925 four finance ministers succeeded one another: Clementel, Caillaux, Loucheur and Doumer. They took office and quickly left, as they could not find any acceptable way out of the financial crisis. Their propositions were by no means revolutionary. They had the aim rather of finding some kind of temporary way out of the situation. It would seem that the oft-repeated conception of the French people themselves—"La France est un pays riche avec un gouvernement pauvre" is true. But one must make many reservations when talking of the favourable trade and industrial position of France. Although at the end of 1925 the French trade balance showed an increase of 25 per cent. as compared with the pre-war turnover, we must not forget that this difference is to be explained above all by the addition to France of Alsace-Lorraine with its powerful metallurgical industry. If we consider the figures for France alone, without Alsace-Lorraine, we see that at the end of 1924 the production of coal and of cast iron and steel had not yet reached the pre-war level. Only at the end of 1925 did it approach this level.

The second circumstance which also must be taken into consideration is the work of restoring the devastated northern regions on which more than 80 milliards of francs were spent from internal loans which went to cover the orders made on French industry. This restoration is also nearly finished and French industry is faced with the task of finding a foreign market to the shrinking internal market. Finally, the fall of the franc, the inflation in connection with which the rise of wages is disproportionate to the fall of the franc, has also played a tremendous role in raising French industry. (The franc is falling more than wages are rising). Thus the favourable condition of French industry is based on the reduction of real wages. The stabilisation of the franc for French industry (the condition of State finance cannot be improved without this stabilisation) will result in decreasing exports abroad and in inevitable crisis.

At the present moment there are no unemployed in France, but a movement is already under way to raise wages in the first place of the government employees who are worst paid. The recent demonstration of employees in Paris is a herald of this movement which is already commencing to spread from State to private enterprises. The favourable condition of industry in France is based not only on the exploitation of the working class, but also on the rapid proletarianisation of the middle classes. The bloc of Radicals and Social-Democrats is destined to facilitate the impoverishment of their own social foundation—petty bourgeoisie, peasantry and a section of the working class. In the period of their rule from May, 1924 the franc has lost more than 70 per cent. of its value. At the end of December the French three per cent. "rente perpetuelle" in which a few hundred milliards of the savings of the petty bourgeoisie are invested, were quoted at 46 francs on the Paris Stock Exchange, whereas the nominal value before the war was 100 gold francs. Forty-six paper francs, according to the present exchange, equal about 9 gold francs. **Nine instead of a hundred!** This illustrates the extent of ruin of the French petty bourgeoisie.

We will not talk of the economic situation in Italy which draws up its trade balance with a debit of about seven milliard lire, covered partially by the income from tourists and transfers of Italian workers who are continuing to emigrate even now in hundreds of thousands, particularly to France. We will not speak of Poland where whole industrial districts have been deserted. In order to stabilise her fluctuating currency Poland is obtaining loans in America and Great Britain. It is said that she is also negotiating with the League of Nations with the same object.

Let us say a few words about the Soviet Union from the viewpoint of world economy.

The economic reviewer of the "Neue Freie Presse" points out that 1925 was characterised by the sharp illustration of significance of Soviet economy to the world market. The Soviet Union has been engaged in foreign trade since 1921. From that moment our trade balance has grown steadily. But many people abroad have regarded this as a temporary phenomenon. Our statistical information was regarded with scepticism and everyone expected that after this temporary ascendancy, economic chaos would recur. Five years were necessary before the bourgeois economists could finally observe our existence and acknowledge our economy as an important world factor. The above-mentioned reviewer writes "1925 is of extreme importance for Russia both politically and economically."

The following is the sum total of the condition of capitalist economy for 1925: in general, parallel with a certain abatement mainly in the overseas countries, considering capitalist economy as one entity the crisis has become more profound in the second half of the year. The number of registered unemployed is estimated at about three millions. Actually it should be twice as high. Along with this there is an impoverishment of the middle classes in all countries, without exception. There is also their proletarianisation. There is the most extensive process of concentration of the means of production in the hands of trusts and syndicates behind which stands banking capital. Trustification in America, trustification in Great Britain, trustification in Germany, trustification in France, in the main basic industry, unprecedented strengthening of finance-capital which emerges from all the transmogrifications of capitalist economy not only unharmed but with redoubled power. It fears neither inflation nor stabilisation. In October, 1925, in New York, at a meeting of the three bank directors—of the American Federal Bank, the Bank of England and the German Imperial Bank—a Bankers' Holy Alliance was concluded into which French and Dutch banks are to be drawn. Finance-capital is endeavouring to become the actual government of the capitalist world. Within the capitalist classes themselves the inherent contradictions are developing, in connection with the various interests of capitalist groups of different countries. The most striking phenomenon of 1925 was the sharpening of the economic antagonism between Great Britain and America, which is still obscured by their united political front, but in which, however, there are already a number of fissures. In 1926 a tremendous struggle between the proletariat and capitalists is to be expected.

Bourgeois economists cannot fail to acknowledge the cuteness of this economic crisis, but they console themselves with the fact that politically at any rate the capitalist world made a great success towards stabilisation in 1925. The reviewer of the Frankfurt weekly, among others, speaks of this. Of course, the Locarno Agreement is pointed out as an important event on this field. To deny the importance of the Locarno Agreement in this respect would be absurd: it removed a number of contradictions between the Western capitalist States, it created a new grouping of forces which will undoubtedly act together on a number of questions. The harmony of France and Great Britain on the Mosul question is not a result of actual French interest in Asia Minor, where it would only be harmful for her to make Turkey her enemy on her own frontier, but is a result of Locarno. In exactly the same way the rallying of Germany to the Washington Conference can be explained, the Conference being directed against the economic and political independence of China. Here again, it was not actual interests or as they are called, national interests, which directed this policy, but simply because Germany is more and more serving as a second in the East to America, and in the main, to Great Britain. In Turkey, in Afghanistan and in Persia, her diplomats are crawling along after the British.

There is also no doubt that the Locarno Pact, to speak most moderately is, in the language of certain bourgeois papers, an "embryo" which may grow into an active bloc against the Soviet Union. Great Britain can also form other "embryos" in the Balkans and in the Baltic. Last year's attempt to form a Baltic front against us failed. Up to now, the attempt at a "Balkan Locarno" has also failed, but this attempt will be repeated and more than once. The attempt at isolating the Soviet Union met with similar failure. France, Poland, Czecho-Slovakia (the latter cannot view the international strengthening of Italy without terror) feeling themselves politically weakened in an international respect as a result of the Locarno Agreement, are seeking rapprochement with the Soviet Union. The Locarno Agreement also was unable to remove the contradictions between French and British interests in the Mediterranean Sea, Northern Africa and Asia Minor. It is no chance circumstance that the mediators on behalf of the Riff Republic had been Englishmen, one day Gardener, another day Caning. It is also not by chance that the campaign against France in connection with the rising in Syria was conducted mainly by the British press, which among other things, did not hesitate in issuing a series of sensational false reports.

Great Britain does not want to allow France to come near Gibraltar. Great Britain also does not want France to become fortified in Syria, as this hinders her plans for forming an Arab Empire with many kings—playthings in the hands of the British diplomats, as foreposts for protecting the approaches to India in exactly the same way that England by actual ownership of Palestine and Egypt, desires to strengthen the defence of the Suez Canal, where she is the uncontrolled master. British policy does not miss a single opportunity of injuring the Soviet Union also in Warsaw, in Paris, in Belgrade and in Rome (the recent meeting between Chamberlain and Mussolini in Rappallo had in view the Soviet Union). Great Britain is trying to compromise the Workers' and Peasants' Government, charging the Soviet Union with the intention to repeat the mistake of Germany, which, fearing isolation, threw herself with closed eyes into war. Britain fosters the absurd conception, refuted by our whole past, that it is not Europe which needs the Soviet Union but that the Soviet Union needs Europe; the British diplomats and press continue to disseminate the opinion that the Soviet system is on the verge of collapse, and they solidarise with the Russian White Guards for whom **Scotland Yard** has replaced the old Russian "Okhrana." Britain discovers imaginary treaties which one day have to prove to Italy that the Soviet Union has a treaty with Turkey against Italy, and on the next, to prove to Turkey that we have a military treaty with Italy for the dividing up of Turkey. In one word, she utilises every measure both open and secret, all possible means of pressure in order to hold back that political and economic growth of the Soviet Union which the bourgeois economists have been compelled to recognise.

Last year's revolutionary events in Shanghai, the successful wars of the Canton Government against the reactionary generals, not only seriously undermined British influence, but also touched the pockets of the British merchants. But Great Britain is powerless to hold back the revolutionary movement in the East, which, passing naturally through a phase of ascendancy and reaction, is embracing larger and larger masses of the many millioned population of Asia.

Great Britain is not in a position to obstruct the growing alliance—both political and economic—of the Soviet Union with not only the peoples of the East but also with capitalist States. She is not capable of hindering even the economic rapprochement between France and Germany which was to be observed recently and which on its part might become the "embryo" of a European continental system. England

is not able to prevent the turbid development of American capitalism, which is ousting her from the world market, and especially from her own dominions and colonies. All these facts and phenomena produce profound changes in the internal political and economic life of England itself, sharpening the class contradictions and arousing the revolutionary forces.

In 1926 two conferences should be summoned, one on disarmament and the other economic. We have already spoken of the latter. As to the first we need only say one thing: during its preparations the conflicting interests between America, Great Britain and France have already been reflected. The campaign started by Great Britain for the calling of a separate conference, directed against France, to prohibit submarine warfare, failed completely, but Great Britain and America together are endeavouring to eliminate the question of naval disarmament from discussion at the coming disarmament conference, thus directing the conference exclusively against those Powers having land forces and in particular against France. This threatens to smash the whole of this pacifist project. But what threatens pacifism even more than the disarmament conference is the economic crisis developing in Germany. This economic crisis means the failure of the international collaboration of capitalist classes for restoring economy and reinforcing peace.

The year 1925 has not left behind it pacifist traces, but the war in the Riff, in Syria, the conflict developing in Egypt, the coming conflict over the Mosul question, the revolutionary outbursts in the East, strikes and revolutionary movements in all capitalist countries.

The Independent Labour Party and a Single International

The Economic Situation in Great Britain.

NOTWITHSTANDING all the diplomatic victories of Great Britain in the East—Sudan and Iraq, and in Europe—Locarno, Lloyd George has been compelled to recognise that “1925 has not been a favourable year for British trade.” He expressed himself with great restraint. It would not be an exaggeration to say that this year has proved to be catastrophic, and has to a certain extent justified the gloomy predictions of the prominent captain of British industry, Sir Alan Smith. Not only have diplomatic victories failed to save British trade, but also the gold standard upon which Churchill placed such radiant hopes.

If we turn to industry, we may be easily convinced that the year 1925 marks a step backward as compared with the year 1924. In 1924 the output of coal was 92.2 per cent. of the pre-war level; in 1925 it fell to 88.2 per cent. A still greater decline may be recorded in the iron and steel industry. In 1924 it reached 86.7 per cent. of the pre-war level; in 1925 it fell to 76.2 per cent. of pre-war.

Exports which represent the live nerve of the British Isles are hardly any better. In 1924 exports amounted to 80 per cent. of the 1913 exports; in 1925 they fell to 78 per cent. As regards the industry of Great Britain as a whole, the Labour Research Department (see “White Paper,” No. 16), arrived at the conclusion that during 1925 it constituted but 80 to 85 per cent. of the industry of 1913, whereas in 1924 it had already reached 90 per cent. of the pre-war level.

The decline of the position of the working class in Great Britain is the worst of all. The years following Black Friday right up to 1925 have been marked by a gradual and systematic deterioration in the material position of the British proletariat. According to official figures the workers' losses in

wages have been very great since 1921. This goes to explain the fact that at the commencement of last year all the large trade unions put forward demands for wage increases. These demands came up against the counter-programme of the owners' associations for the reduction of wages and the lengthening of working hours. The Prime Minister, representing the interests of all associations of the industrial magnates and factory owners taken together, clearly stated, on July 30th, 1925, that wages would have to be reduced in all branches of industry.

Without going into details, we wish merely to remark that this deterioration in the position of the workers during 1925 was clearly expressed in the following facts:

1. The number of unemployed increased. The official registration of unemployed receiving insurance benefit does not show this sufficiently; but we cannot utilise this registration for comparisons between 1924 and 1925, for the simple reason that the Baldwin Government has excluded whole categories of workers from those having the right to receive State relief. We base our assertion as to the increase in the number of unemployed on:

- (a) The noticeable increase in the number of unemployed workers receiving relief from the Guardians.

- (b) The trade union statistics. In 1924 unemployed members of trade unions comprised 8.7 per cent. of the total number of organised workers, while in 1925 their number rose to 10.5 per cent.

2. The "interpretation" given by the Baldwin Government to the law on the State Insurance of workers led to a great reduction in State aid to the unemployed. The conflicts between the Boards of Guardians and the Government on the question of relief to workers deprived of means of existence speak eloquently as to the disastrous effects which the explanations and limitation of the Insurance Law had for hundreds of thousands of workers.

3. The cost of living increased during 1925 notwithstanding the introduction of the gold standard. In 1924 the cost of living was 174.7 per cent. as compared with 1914, while in 1925 it increased to 175.6 per cent. At the same time wages were not only not increased, but in a number of branches of industry they were actually reduced. The seamen suffered particularly badly from wage reductions, and the end of 1925 brought the railwaymen the decision of the Wages Board, which in substance means a new encroachment on the railwaymen's wages.

In spite of the marked deterioration in the workers' position in 1925, the ruling classes continue their onslaught on labour conditions. The magnates in the mining industry formulated their programme in the form of an ultimatum— increase of working hours for miners with simultaneous wage reductions. The owners in the engineering industry for the time being confined themselves to demands for an increase in hours. The directors of the railway companies, three out of the four of them, are not satisfied with the decision of the wage council referred to above, and insist on a more radical reduction.

From all the statements of the captains of British industry, it is evident that their main slogan is to cheapen production, and this they intend to do at the expense of the deterioration of labour conditions.

The juxtaposition of these two facts—the decline in the position of the workers and the continued capitalist offensive—proves that Great Britain is inevitably approaching very serious economic conflicts. These conflicts will undoubtedly be acute in view of the growth of Fascism on the one hand and the increased activity of the workers on the other.

British Fascism only came into existence quite recently. The general situation of decline of the former great Empire enormously helps the growth and development of Fascism. What is more, the ruling classes, demoralised and corrupted by long periods of monopoly rule, have learnt to concentrate all their knowledge and the whole weight of their brains on the work of sweating the people under their rule. They are impotent in the competition with their new rivals, aided by improved technique and methods of organising production. But they understand very well that the methods of primary accumulation are inapplicable in present day England, which possesses a very powerful Labour movement, even though this may have its forces scattered. Just for this reason the ruling classes place ever less hopes in modern constitutional methods, and Joynson-Hicks frankly states that a little dose of Mussolini's methods will be quite salutary in democratic England. At the same time, they, of course, do not abandon a thorough and all-round utilisation of social-reformism. But it is a fact that during the last two years Fascism has become a serious factor in British social life, and the participation of the frankly blackleg organisation—the Organisation for Maintenance of Supplies—O.M.S.—will play a definite role in coming conflicts.

Synchronising with the growth of Fascism, as has already been stated, we observe an increase in the activity of the workers. The number of trade union members had declined since Black Friday, but the last few months show the success of the campaign, "Back to the Union." The activity of the workers has also found expression in all recent electoral campaigns, commencing with the general election campaign at the end of 1924, and ending with the municipal elections at the end of 1925. This increased activity on the part of the workers on the basis of a long-drawn-out economic crisis which is assuming a chronic character and in face of the growing Fascist danger, is naturally inconsistent with the Labour-Liberalism within the Labour movement. It will be no exaggeration to say that the struggle between revolutionary and reformist tendencies within the Labour movement grows more acute every day. All the events of 1925 confirm the correctness of this conception. However, we will restrict ourselves to a more detailed analysis of these events only subsequent to the Liverpool Congress where it seemed that Labour-Liberalism had scored such a brilliant victory.

Before turning to the post-Liverpool events, we will just point out that the new facts, published recently concerning the struggle within the delegations at the Liverpool Congress on the question of the Communist Party, show that MacDonald's victory was by no means so overwhelming.

In the miners' delegation the MacDonald group received 67 votes against 56. Under a democratic system of voting such a correlation of votes would mean that the Communists would poll more than 350,000 and that there would be less than 450,000 against them. Thanks to the system of voting in existence, the whole 800,000 votes were counted for MacDonald. The A.E.U., with a membership of about 400,000 was represented by only 35 delegates, about a half of whom voted against MacDonald. Most interesting of all is the correlation of forces within the Independent Labour Party, which played a leading role at Labour Party Conferences. The I.L.P. was represented by 24 delegates of whom 13 voted for the MacDonald policy and 11 against. It would have sufficed for the whole Left-wing to get one more vote, and the whole of the I.L.P. fraction would thereby have been deprived of the possibility of active participation in the struggle between Communists and Social Reformists at the Liverpool Congress.

We will confine ourselves to these three facts. They

demonstrate sufficiently eloquently that the truth about the struggle between reformist and revolutionary tactics at the Liverpool Congress was actually hidden from the Labour movement by means of the cunning constitution of Mr. Webb.

After Liverpool.

The ill-famed Robert Williams, the new Chairman of the Labour Party, hastened to assure and console all doubters and hesitators with the statement that the Liverpool Congress of the Labour Party solved the problem of Communism in Great Britain **once and for all**. The editor of the "Plebs," J. F. Horrabin, who considers himself a non-Party Communist, displayed less faith in the automatic action of the Liverpool Resolution and submitted to the Communist Party the proposal to liquidate their organisation, so as not to place the opponents of Communist exclusion in a difficult position. He promised the Communist Party at the same time that the Left would be able to appreciate this generous act. Lansbury and Brailsford, who, on the eve of the Congress signed a manifesto against the exclusion of the Communists, on the very day after the Congress, hastened to explain in the pages of the journals they edit ("Lansbury's Labour Weekly" and the "New Leader") that the Communists fully deserved the blow that had been dealt them at Liverpool. These Left journalists, in so doing, overlooked the fact that while the Communists fought honestly at Liverpool with flying colours, those who prior to the Congress pretended to struggle against MacDonald and maintained a cowardly silence at the actual Congress, were the people who really suffered a shameful defeat.

But we did not put forward these opinions simply in order to polemicise with them. The activities of these journalists are especially characteristic and instructive as they give a certain idea as to the moods which prevailed in official circles of the Labour movement after MacDonald's victory at Liverpool. At the same time they indicate the situation in which the Communist Party must conduct its work in Great Britain. The greatest value of the opinions is that they bring out the real physiognomy of those "Left-wingers" who at times take up a no less spiteful attitude towards the Communists than MacDonald and his lieutenants, although as a rule they act with less assurance and more prudence.

Bob Williams let out the secrets of these Left leaders in that same article (see "Labour Magazine," Nov., 1925), in

which he declared the Communist problem solved. He finished his funeral oration over the imaginary grave of the Communists with the statement that the Left-wingers will now begin to play a greater role within the Labour movement than they had hitherto played. A strange prophecy! It would seem as though the complete victory of MacDonald hardly improves the position of the Left-wingers. At the same time there is a definite logic in the arguments of the Black Friday hero. He, like certain other Left phrasemongers, hates the Communists for two reasons. The British Communists, like the Communists of other countries, have acquired the bad habit of comparing and collating the words and acts of "Left-wingers." For some people such collation is murderous in the full sense of the word. What is more, these Left-wing leaders, to their own horror, observe that the mass activities of the working class in Great Britain during the past year clearly bear the imprint of the Communist Party's influence. We need only recall the 1st of May demonstration, the Red Unemployed Sunday, the Congress at Scarborough, and even the resolution submitted to the Liverpool Congress. Of course, we are not speaking of the agreed policy of national reconstruction and reform, drawn up by Webb, but of those proposals which came from the heart of the Labour movement. The dethroned Left-wingers imagine that after the death of the Communist Party they will be able to occupy a front place, and that the working masses forgetting all their treacheries, will once more place their trust in them as before.

Joynson-Hicks understood very well that the resolutions of the Liverpool Congress and the speeches of the so-called Left-wingers unbound his hands. There was a time when he was prepared to follow the advice of his leader Baldwin, and wait for the shot to be fired from the other side, although even then this policy by no means corresponded with his temperament. The Brighton Congress followed that of Liverpool. There reaction unmasked. Hicks received from them the instruction he had so passionately dreamt of: to attack the Communists! Unlike Robert Williams, he understood only too well that the Communist problem in Great Britain had not been solved by Liverpool. He knew that the small Communist Party is in the same measure forming the still young but growing consciousness of the British workers, as that which the MacDonald group reflects and represents the still strong but dying Liberal-Reformist tendencies of the British Labour movement. Having seized the favourable moment, he like a good business man proceeded to the attack.

Lansbury and his friends cannot restrain their effusions and are talking about the delightful picture of solidarity displayed by the Labour movement with regard to the attacks on the Communist Party. Blessed are they that believe! We by no means deny the fact that the whole Labour movement responded with a protest against the arrest of the Communists and against the sentences inflicted on them by the class court.

However, we prefer a cool analysis of all the facts relating to this trial rather than any sentimental gush. Looking around, we may at once say that the struggle against Hick's escapade was by no means marked by unanimity; on the contrary, it reflected and continues to reflect the complicated struggle between reformist and revolutionary tendencies in the British Labour movement which continues to grow more and more profound and widespread.

The official leaders of the British Labour movement, in their attacks on the Conservative Government, make particular allusion to the fact that it unearthed the ancient law of 1797 from out of the dusty archives. It is all very well to say this! This law is certainly venerable. But, after all, it is eighteen months ago that the "First Labour Government of His Majesty" headed by MacDonald, brought the Communist, Campbell, before the Court under this same law of 1797. It is true that the MacDonald Government subsequently abandoned the prosecution. But in doing so the Government explained that it agreed to withdraw the case for the following reasons: firstly, it feared that the prosecutors would not have sufficient data for securing a conviction, and secondly, because it feared that trial would increase the chances of Communists in Great Britain. That is how the Labour Government justified itself in the eyes of the ruling parties. But we know for certain that the Campbell case was only withdrawn after the Labour movement made MacDonald understand that it would not put up with any truckling in the form of persecuting revolutionaries. There is hardly any ground for believing or presuming that MacDonald and his confreres have moved to the Left during these eighteen months. We will be told: a fact remains a fact—MacDonald and the whole official Labour movement are participating in the protest against the Communist trial. We do not dispute the facts. We only assert that a comparison of the verbal protest of the official leaders of the Labour movement with their practical actions at the time when the Labour Ministry held the reins of government brings one to the conclusion that they have joined the movement against

the trial not out of good will, but under the direct pressure of the masses.

About a year has elapsed from the time when the Baldwin Government received a majority on the basis of the forged Zinoviev letter, up to the time when Joynson-Hicks made his raid on the Communist Party. During this year discontent with the Conservative Government has been growing throughout the whole country. This is eloquently illustrated both by the bye-elections in the various constituencies—in particular the election of Purcell—and also the municipal elections which took place on the eve of the Communist trial. Within the Labour movement, Communist influence is growing apace, to this the resolutions of the Scarborough Trades Union Congress eloquently bear witness. In such a situation it is not surprising at all that Hicks' raid caused a storm of discontent. The leaders of the Labour Party understood very well that to remain outside this movement meant losing influence over wide masses of the people. They are sufficiently intelligent not to commit such a stupidity, yet they did not rally to the protest movement in order to extend and intensify it, but on the contrary, in order to direct the movement along Liberal-Reformist channels.

"Freedom of opinion is the basis of our hope for civil peace"—that is the leitmotif of all the protests of the reformist Labour movement. In opposing the condemnation of Communists they appeal to the commonsense of the ruling classes, endeavouring to convince them that the Communist condemnations are a justification of Communist theory. In the name of Liberalism, in the name of "freedom and democracy," they call upon the ruling class to be moderate. However, the Labour movement has not followed the instruction of its Liberal leaders. On the contrary, it is clearly stated in the resolutions of Labour organisations and mass demonstrations that the Communists are condemned for having honourably served the cause of the working class and faithfully defended its interests. The overwhelming majority of resolutions emphasises the fact that the main points in the charge against the Communists comprise their stand for the class struggle against capitalism, and persistent agitation amongst soldiers not to fire on their brothers. And the resolutions of the workers' meetings add to this the statement that these principles are sacred for them and that they will fight for them. MacDonald and his apostles endeavoured to utilise the campaign against the Communist trial for a struggle with Communism. Their speeches and resolutions contain more attacks on Communism and the Communist

Party than on the Conservatives and on the severe sentence. But the working masses have clearly and openly expressed their sympathies for the Communists who have suffered for the workers' cause.

The Communist Party did not heed the "friendly" advice of Horrabin. The Party also did not fear Hick's scorpions. It is continuing to live and work and its work is bringing very palpable results. A tense struggle is now being conducted around the question as to the realisation of the Liverpool resolutions. Those who foretold the inevitable death of the Communist Party from the poisoned arrows of the Liverpool resolutions are now endeavouring to convince the Labour Party of the necessity for excluding the Communists in the name of **discipline**. What is most piquant of all is that "Lansbury's Weekly" is participating in this movement. For a period of nine months the "First Labour Government" daily infringed the principles and decisions of the leading organs of the British Labour movement. Nobody stammered one word about discipline. For decades Lansbury has considered his freedom from the decisions of Party centres as a special virtue. In the name of the freedom of the individual he opposed and continues to oppose Communist discipline. Now the advocates of the peerless mosaic of the British Labour movement have suddenly burst into song about solidarity and discipline! However, one need not be surprised at this. If Joynson-Hicks, the organiser of military risings, can attack the Communists in the name of constitutionalism, then why should not the supporters of freedom have the Communists excluded from the Labour Party in the name of discipline?

However, it is an interesting fact that notwithstanding the concerted actions of a whole number of social groups, commencing with the government and ending with certain "Left-wing" journalists, the working masses continued clearly to express their sympathy for the Communist Party, and the most active organisations of the Labour Party (there are already more than a hundred of these) flatly refused to exclude the Communists from their ranks. At the same time as the whole press was full of attacks on Communists, the London Trades Council elected three well-known Communists as its delegates to the Labour Party Conference, while ten local organisations of the Labour Party in London did not confine themselves to refusing to expel Communists from their ranks, but called a conference which elected a temporary Committee for struggle against the entire Liverpool pro-

gramme.* Other industrial centres of England have also followed the example of London.

On the question of excluding the Communists we again come up against the struggle of the two tendencies—revolutionary and reformist—within the British Labour movement. It is still early to sum up the results of this struggle around the given concrete problem. However, in order to illustrate the mood of the active members of the proletariat in Great Britain, we would like briefly to recall the process of the struggle in the Liverpool Trades Council.

The Executive Committee of the Liverpool Trades Council informed a general delegate meeting that it would have to assert certain pressure on the organisations affiliated to it, in order to get them to execute the resolutions of the Liverpool Congress. The following resolution against this declaration was moved:

“Having heard the report of the work of the Liverpool Congress of the Labour Party, this Council affirms that the trade unions affiliated to the Council enjoy absolute freedom in the election of their representatives to this Trades Council and to the Labour Party.”

After an impassioned discussion the resolution was carried by an overwhelming majority. The officials of Eccleston Square requested the Liverpool Trades Council to reconsider this resolution. The question was again brought up for discussion, and by all votes against five it was decided “that the E.C. paper lie on the table.”

The struggle around the Liverpool resolutions has become more complicated in connection with the active work of the Communist Party in the field of organising and uniting the Left elements of the Labour Party, and also of the I.L.P.

The arrests of the Communists and the attack on the workers' wages in process convincingly showed the British workers all the fruits of Liverpool. The proposal of the Communists to all active elements of the Labour movement to unite for a joint struggle against the capitalist offensive began to meet with a still larger response from the workers.

* This Committee summoned a more extensive conference for January 23rd. According to information to hand on January 10th, more than 20 local organisations of the Labour Party had elected their delegates. It is clear from the Agenda of this conference that it is called for a struggle against Liverpool.

The pressure of the masses very soon found its reflection, not only in the resolutions of local organisations, but also in the general tone of the Labour press as well as in the speeches of those Left-wing leaders who are closer to and more connected with the broad masses of workers.

Already in October the "New Leader" in justifying the Liverpool resolutions severely attacked not only the British Communists, but Communists in general. With quotations from Russian Communist literature, Brailsford endeavoured to prove that the gulf separating Communism from the traditions of the British Labour movement was so deep that it was impossible to bridge it. The Liverpool smoke, however, quickly disappeared. In the number for November 6th, to a large extent devoted to the anniversary of the November Revolution in Russia, we find two articles deserving serious attention. One is written by Giles. It gives a business-like description of the every-day work of the Communist Party in the U.S.S.R. The second is a more general article written by the editor of the journal. The editor, quoting the first article, arrives at the conclusion that honest proletarian fighters can find in the work of the Communist Party of the U.S.S.R. an example full of inspiration. Both articles taken together, can even be said to confirm Brailsford's contention that the British Labour movement still greatly differs from the revolutionary movement in the U.S.S.R. with the difference, however, that on October 10th, Brailsford appealed to the workers not to follow the example of the Bolshevik barbarians while on November 6th he refers to these barbarians as the only source of revolutionary inspiration. Different notes are also heard in the special number of "Lansbury's Labour Weekly" devoted to the November anniversary. On October 10th, i.e., the day after Liverpool, Lansbury considered the most important argument for excluding the Communists to be their connection with Moscow, while on November 6th, the same journal spoke of the greatness and value of Lenin's teachings and of his pupils not only for Russia, but also for the workers of the whole world.

These transitions certainly show that our Labour movement as a whole is in a position of vacillation and is still seeking its path, and is distinguished by its astonishing receptivity. In all these vacillations and hesitations, one may trace, however, the existence of new revolutionary moods, with difficulty beating themselves a path in the old organisations of our movement which is a conglomeration not only of various currents and tendencies, but also of various epochs in the history of Great Britain itself.

On November 6th, we read only general articles permeated with more distinct revolutionary moods while already on November 15th, active leaders of the Labour movement began to come forward with more concrete proposals. In the "Sunday Worker" we read a letter from Hutchinson, a member of the Central Committee of the Labour Party and one of the leaders of the A.E.U., a letter in which he writes in black and white that Liverpool brought nothing positive to the movement, but on the contrary our enemies on the political and economic arena accepted the Liverpool decisions as a sign of weakness. He deduces that a new policy is necessary and greets the activity of the "Sunday Worker," which as a matter of fact has taken upon itself the carrying out of the proposals of the Communist Party concerning a united front of all active revolutionary elements in the Labour movement. The same issue of the paper prints an even more alarming letter from George Hicks, leader of the Builders' Union, in which it is stated that further delays would be perilous for the movement. Lawther, member of the C.C. of the Labour Party, and a prominent figure in the trade union movement, refers to Brailsford's article in the "New Leader" of November 6th, already mentioned, and suggests that it is time to turn from words to deeds. All these letters to the editor are crowned by a letter from Alex Gossip, a prominent member of the Independent Labour Party and trade union movement, in which he proposes to the three weeklies "Workers' Weekly," "Sunday Worker" and "Lansbury's Labour Weekly" to summon a joint conference of Left elements for joint work.

The avowed and secret auxiliaries of MacDonald took fright. This also frightened those Left-wingers who prefer a chaotic mosaic ornamented by bouquets of radical phrases to organised action. The rank and file began to move. To the honour of the "Sunday Worker" it should be stated that despite protests and exhortations, notwithstanding the refusal of the "New Leader" and "Lansbury's Weekly" it had sufficient courage to summon the conference at its own risk. The invitations to this conference were signed on behalf of the "Sunday Worker" by the following five persons: A. Purcell, Chairman of the Amsterdam International, George Hicks, Secretary of the Building Workers' Union, A. J. Cook, Secretary of the Miners' Federation, R. Dunsstan, Chairman of the Editorial Board of the "Sunday Worker," and William Paul, editor of this paper.

The authors of the letter emphasise the fact that reports from all corners of the country demonstrate that the active

workers in the movement do not desire to carry out the decisions of the Liverpool Congress to exclude Communists, and also testify to the rapid growth of the local organisations of the Left-wing. The authors consider that the period of discussions has passed, and that the time has come for serious action.

The object of this conference was the unity of Left leaders which might help the consolidation of the movement amongst the rank and file. The Conference took place on December 18th, of last year. It is clear from the report that it was not such an easy matter to unite the leaders. Among those who were present at the conference, were also those who dreamed about uniting the Left-wing **without the Communists**, hoping for the imminent death of this organisation, which during the short time of its existence had succeeded in denouncing many of the mountebanks who have been influential in their time, and capable of serving Right-wing interests by deeds whilst fawning to the Left-wing with strident phrases. Among the participators at this conference was also this same Horrabin, whom we mentioned above, and his fellow-champion the ex-Communist Postgate, who having believed Williams' statement concerning the end of the Communist Party, already began to compose a new programme for the Left-wing, for which object he pilfered the programme of the imaginary deceased Communist Party. Formally the Conference ended in smoke. It did not succeed in securing unity on the resolution proposed by the editor of the "Sunday Worker," nor did it bring forward any other proposals. The resolution proposed by Paul reads:

"This meeting of Socialists and trade unionists declares that the most urgent need of the workers to-day is for adequate preparations to meet attacks on their wages, hours, conditions and political freedom, which are openly being organised by the capitalist class.

"As an essential part of such preparations, this meeting deems it necessary for all active workers who stand for an uncompromising fight for Socialism to work together as a militant Left-wing in all their respective spheres of activity, whether trade unions, political parties, or other working class organisations.

"This meeting welcomes the efforts being made in various parts of the country to achieve co-ordination and co-operation of Left-wingers along these lines.

"While warning the workers against any attempt whatsoever to form a new party, it thinks that no barrier of doctrine or party should prevent united action to advance the principles which are common to all who serve the working class in its fight against the capitalist class.

"Such principles are:

"1. World trade union unity.

"2. National trade union unity, from the factory to the General Council.

"3. Solidarity between British Labour and the oppressed peoples of the British Empire.

"4. A policy for the next Labour Government aiming at the overthrow of the capitalist class.

"5. Self-defence of organised Labour against Fascism in all its forms."

The Conference decided to meet once again and to discuss once more the question of uniting the Left-wing.

Nevertheless the conference was an important and valuable step in the work of uniting the revolutionary movement. During this process of uniting, the active workers of the Labour movement will not only have to think about a programme and tactics, but they will also be compelled to burn some of the shibboleths before which they have at one time bowed. From this point of view, the December 18th Conference undoubtedly brought us nearer to a real unity of the active elements of the Labour movement.

The attitude of the active elements of the Labour movement to the idea of crystallising and uniting the revolutionary wing within the Labour Party becomes more comprehensible if we examine the correspondence between the Communist Party of Great Britain and the Independent Labour Party. Immediately after the arrest of the Communists, the Central Committee of the Communist Party approached the N.A.C. of the I.L.P. with a proposal for a united front. In explaining its proposals the C.C. writes among other things: "Our machinery and our spirit will not be smashed by Joynson-Hicks. But we are anxious that the workers shall profit by the lesson and organise themselves in the most effective manner to defeat the coming offensive." By way of a first step, the Communist Party invites the Independent Labour Party to conduct a joint campaign with the following slogans:

- "1. 100 per cent. Trade Unionism.
- "2. Nationalisation of the Mines.
- "3. A Material Living Wage.
- "4. Workers' Self-defence against Fascist Organisation (O.M.S.)."

The letter was sent on October 17th and the reply dated November 6th. We think it necessary to reproduce the short reply of the Independent Labour Party in full. We will only recall that at the present time the leadership of the Independent Labour Party is composed of those people who are fighting most actively against Communism and against the Communist Party. The letter reads:

"Our National Council has now been able to consider your letter of October 17th. As you know, we have strongly protested against the political principle involved in the arrest of the members of your Executive, and have asked our branches to take action on the matter. We have done this, not because we agree with your policy, but because we believe that freedom of expression should be allowed, and responsibility placed upon the people to accept or reject the policy advocated.

"We appreciate the seriousness of the industrial position and the possible developments, and are ourselves conducting a campaign with a view to helping our trade union colleagues and to intensify the demand for the nationalisation of mines and a living wage.

"In view, however, of the difference of method of your Party and ours, we think more good will be done in the long run by each Party developing its own campaign on its own lines. Under these circumstances we regret that we are not able to accept your suggestion that we should appoint representatives upon a Joint Committee."

The authors of this letter evidently understood very well the mood amongst the rank and file of their own organisation. They dare not reject the proposals and attempts to refer to them as inopportune. At the same time their letter caused a storm of protest on the part of the active rank and file members of the I.L.P. And the latter addressed their protests not to the organ of the Independent Labour Party, but to the Communist "Workers' Weekly."

Of still greater interest is the attempt of the British Y.C.L. to arrange a joint campaign with the youth organisation of the I.L.P. in defence of the economic and trade union interests of the working class youth in Great Britain. A conference of representatives of those two organisations unanimously accepted the motion of the Y.C.L. The C.C. of the Y.C.L. endorsed the resolution of the meeting, but the N.A.C. of the I.L.P. Guild of Youth, evidently under instructions from above, paraphrased the letter of the N.A.C. of the I.L.P. which we have cited above.

The Independent Labour Party opposes in every way a united front with the Communists, but at the same time it has to overcome the ever-growing pressure on the part of its own most active members among the workers, who openly and clearly favour a united front with the Communist Party. The rank and file are pulling the I.L.P. towards a bloc with the Communist Party whilst the leadership is pulling it in the direction of a political alliance with the Liberal Party.

Already on the day after the Parliamentary elections at the end of 1924, which caused the undoing of the Liberal Party, Liberal students began agitating in the pages of the "Manchester Guardian" for a mass entry of Liberals into the Labour Party. The motive for the proposal of these young Liberals was that under present conditions there was no sense in bothering with the galvanisation of the corpse of the old Liberal Party, which was doomed to death by the trend of history. At the same time they asserted that the position within the Labour Party was sufficiently favourable to allow of a bloc of moderate elements continuing the traditions of Liberalism and successfully overcoming all the desires of the extreme elements. Of late the picture has somewhat changed: MacDonald has begun to be more pressing in his invitations to the Liberals to join the Labour Party, and to all appearances secret negotiations are going on between the leaders of both parties with regard to some form of compromise. The Independent Labour Party thus finds itself faced with the possibility of two blocs; with the Liberal Party on the one hand and with the Communists on the other!

The peculiar role of the Independent Labour Party in the history of the British Labour Movement and within the Labour Party has led to its now becoming the arena of the most tense struggle between revolutionary and reformist tendencies. There was a time when the Independent Labour Party was practically the same kind of propaganda society as the Fabians and Social-Democrats. As distinct from

these two organisations—the Fabians and Social-Democrats—it was capable, however, under the leadership of Keir Hardie, of approaching nearer to the trade unions and including in its ranks the most influential and most prominent leaders of the British trade union movement. It also found the best way to the heart of the active British workers. Remember that for a long period the secretary of this organisation was the present leader of the Minority Movement, Tom Mann. The stormy growth of the Labour Party during the first post-war years in the first place meant an equally stormy growth of the Independent Labour Party. Within the Labour Party, which originated as a Federation of trade unions and Socialist organisations for the joint conduct of electoral campaigns, the Independent Labour Party, naturally was a unifying and leading political body. The political growth of the Labour Party, therefore, meant the strengthening and increase of the specific gravity of the Independent Labour Party. In the MacDonald Government the most important posts were occupied by members of the Independent Labour Party which constitutes more than two-thirds of the members of the Parliamentary fraction of the Labour Party. Thus the I.L.P. became transformed from a propagandist society into an influential political party.

But the Labour Party has also long ceased to be simply a federation of various Labour organisations. Already in 1918 it provided itself with a hybrid programme and definite constitution and began to be based not only on organisations, but also on individual members. As it grew it gradually installed its own apparatus, which began to clash more and more with the apparatus of the Independent Labour Party. Organisational conflicts between these two organisations became more frequent. And side by side with the organisational conflicts ideological dissension also took place. Before the close of the war the active workers with Socialist leanings looked upon the Independent Labour Party as the "Socialist soul" of the great conglomeration called the Labour Party. But during the years following the war, particularly during the time of the existence of the Labour Government, the "Independents" succeeded in losing their Socialism. The Labour Party as far back as 1918 had provided itself with a programme drawn up in general Socialist terms. Naturally, the question arises: What is the relation of the Independent Labour Party towards the Labour Party now?

During a long period MacDonald was considered the leader of the I.L.P., having inherited this leadership straight

from the hands of the late Keir Hardie. Even now he is not loth to have this excellent flexible apparatus in his own hands. He knows very well that a small organisation with an appreciable past, with good connections, and deep roots can at times be more serviceable than a cumbrous apparatus --that of the Labour Party which is based on the still more cumbersome trade unions. The old traditions of the Independent Labour Party, however, and the new tendencies in the Labour movement are pushing the I.L.P. to the Left. And MacDonald is aiming at dealing with the I.L.P. in exactly the same way as the Communist Party was dealt with, i.e., excluding it from the Labour Party, or else subjecting it to his influence.

During the last few years the I.L.P. has been led by Clifford Allen, who succeeded in skilfully manœuvring between the MacDonaldist Liberalism and the Radical aspirations of the rank and file. The pressure from below, however, led to Allen having to declare himself "ill" and leaving his post; and the old Executive Committee with the new Chairman, Jowett, was called upon to formulate a Left programme such as could satisfy the proletarian active workers of the I.L.P. The task was not easy. Nevertheless, the "New Leader" of January 1st, affirms that the N.A.C. has coped with this task and drawn up such a platform.

This platform contains three main points.

The first point concerns the present position of the British workers. The N.A.C. rejects the idea of a slow graualness and openly opposing MacDonald, proposes concentrating all energy on the struggle for a national living wage which should be established by an authoritative commission of experts. The N.A.C. terms this project a "challenge" on poverty.

The second point concerns the sore question as to mutual relations with the Labour Party. The resolution reads: "The function of the I.L.P. is to bring to the public a realisation of the urgent need for the fundamental changes which Socialism represents and influence Labour Party policy in a more complete and rapid Socialist direction."

Finally, the third point concerns the questions as to a single International. We must presume that the members of the N.A.C. sharply felt that the first two points were by no means sufficient to satisfy their members who were strain-

ing for a more active struggle. Hence, the N.A.C. of the I.L.P., remembering the repercussion caused by the struggle of the General Council for Trade Union Unity, decided to make a proposal for the formation of a single political international.

We have not yet seen the exact text of the decision of the N.A.C.—it is being kept strictly secret. We have only an account of this decision in an article by the Secretary of the Party printed in the "New Leader" of January 1st; In this article it is merely stated that "much has happened since the I.L.P. last approached the Third International and no harm can be done by exploring the possibilities again." As grounds for the harmlessness of this attempt the author states that already on the eve of the trial the Communists were more concerned about the struggle against capitalism and imperialism and that they were ready to postpone the question of armed force until such a time as the situation would demand this, if it ever would. He concluded his report by stating that the Independent Labour Party decided to bring up the question of a single international at the next meeting of the Executive Committee of the Second International.

We do not intend commenting on the above interpretation of the moods and views of the Communists, however, we consider that the decision of the Independent Labour Party deserves the most serious attention, and, therefore, we will endeavour to deal with same in greater detail. Naturally, we will commence with the attempts at negotiations with the Communist International, to which the N.A.C. refer in their new decision.

Lenin versus MacDonald.

The founding of the Third International "distressed" the leader of the Independent Labour Party, Ramsay MacDonald. On April 14th, 1919, he published a long article in the French paper "Humanité" which was then in the hands of the Social-Chauvinists. At that time Ramsay MacDonald was still surrounded by a halo because of having refused active aid to British imperialism in the work of carrying through the world war. He was esteemed as being one of the pacifist leaders within the Second International. In the aforementioned article, he wrote among other things literally as follows:

"I am one of those who hold that the discussion at Berne on war responsibility was **only a concession to non-Socialist public opinion.**"

This by no means prevented him from considering the formation of the Third International to be an obstacle on the path to the realisation of Socialism.

"I regret it very much" (the formation of the Communist International), he wrote in the same article, "for at the present moment the Socialist International is sufficiently broad to include all forms of Socialist thought, and, in spite of the theoretical and practical controversies raised by Bolshevism, I see no reason why the Left should separate itself from the Centre and form an independent group."

It is apparent from these words that at that time MacDonald, who is now fighting so energetically for the exclusion of the Communists from the Labour Party, considered the joint existence of Bolsheviks and Reformists in one International as being possible. We will not be wrong in saying that this peculiar "toleration" on the part of MacDonald was caused by the fact that at that time the revolutionary movement both in England and throughout the whole of Europe was still developing along ascending lines.

We will not refer in detail to MacDonald's article, we think it is sufficiently accurately and clearly characterised in Lenin's reply.

"Ramsay MacDonald's article is the best that could be given of that smooth, melodious, banal and would-be Socialist phraseology which serves in all developed capitalist countries to camouflage the policy of the bourgeoisie inside the Labour movement."

If it is true that Ramsay MacDonald's article is a bouquet of banal phrases, it is no less true that Lenin's answer not only retains all its force, but acquires particular freshness in connection with the pile of new facts which bear testimony to the formation of Left groups within the Social Reformist parties. One is greatly tempted to reproduce Lenin's answer in its entirety. We are compelled, however, to restrict ourselves merely to two conclusions which Lenin drew from an analysis of MacDonald's letter.

"The first conclusion is that the Berne 'International' is in fact, by virtue of its actual historical and political role,

independently of the goodwill and the innocent desire of such and such of its members, an **organisation of agents of international imperialism**, acting **in the midst** of the working class infusing the working class with bourgeois influence, bourgeois ideas, bourgeois lies and bourgeois corruption."

"The second conclusion is this. The Third (Communist) International has been established for the very purpose of preventing so-called Socialists from getting on in the world by **verbally recognising** the revolution, which is precisely what Ramsay MacDonald does in several places in his article. Verbal recognition of the revolution, a recognition which was in reality a perfect screen for petty bourgeois policy, incurably opportunist, reformist, nationalist, this was the capital offence of the Second International and this is the evil against which we are conducting a life-and-death struggle."

These two conclusions actually characterise these two Internationals about whose unity under a single roof Ramsay MacDonald grieved in 1919. It would be as well to add another section from this same answer of Lenin's which reads :

"In 1907 the late Harry Quelch was expelled from Stuttgart by the German Government for having called a meeting of European diplomats, a 'thieves' kitchen.' The leaders of the Berne 'International' are not only a conference of thieves, they are a conference of foul murderers."

The printers of the "Labour Monthly," very much wanted to delete these last lines. But they did not succeed in doing so. But even if these lines had been left out the truth they contain would nevertheless continue to live.

We do not know how Ramsay MacDonald himself regarded Lenin's reply. We have grounds, however, for believing that it produced a certain impression on the proletarian elements of the Independent Labour Party. It is a fact that the I.L.P. at its Congress in 1920 decided to instruct the National Administrative Council to leave the Second International; at the same time the Party instructed the N.A.C. to study the programme and conditions of entry into the Moscow International.

The diplomats of the Independent Labour Party, taking stock of the force of gravitation of Party members towards Moscow decided to take up the study of the programme of the Communist International with the aid of partial ques-

tioning. The Communist International was sent a letter by Wallhead and Allen containing twelve questions.

We will take the liberty of reproducing all the questions as we have certain grounds for assuming, that the Left-winger, Brockway, is not averse from repeating in 1926 the same manœuvre his predecessors made in 1920.

These questions are :

1. To what extent does the Third International demand a rigid adherence in each country to the methods outlined in its programme ?

2. Will the Third International state how it conceives the theory of the Dictatorship of the Proletariat as applied to Great Britain ?

3. To what extent does the Third International agree to the use of parliamentary methods ?

4. What is the attitude of the Third International to the I.L.P. remaining affiliated to the Labour Party ?

5. Is the Soviet system of Government a fundamental principle of the Third International ?

6. If so, to what extent does the Third International recognise the possibility of diverse forms of Soviet Government in different countries ?

7. Most societies affiliated to the Third International maintain that Communism and the Dictatorship of the Proletariat can only be introduced by the use of armed force or will they admit to membership parties that leave this question open ?

8. In what respect does the Third International consider that Communism differs from other forms of Socialism ?

9. Is it a condition to the Third International to accept Communism defined in the answer to the question 8 ?

10. Is the Third International willing to send representatives to the proposed Swiss Conference of the Left-wing Socialist parties ?

11. Is the Third International prepared to convene an international conference to consider its programme, methods and constitution ?

12. If so, what would the basis of representation and voting power be at such a conference ?

The Communist International in its reply emphasised that it in no way intended to show too much indulgence to those who attempt to "secure for themselves a free hand for their opportunism by appealing to the Communist International to note the specific correlation of forces under which they work—all of which means nothing but to be allowed to stand by the Third International in words, while in deeds they carry on a policy of indecision and vacillate between the revolutionary proletariat and the counter-revolutionary bourgeoisie." It clearly stated that "the Communist International cannot admit a discrepancy between words and deeds."

The reply of the Comintern was sufficiently clear* to cast the politicians of the Independent Labour Party into moral fear. Nevertheless, they would hardly have been able to resist the aspiration of the working class masses to establish connections with the Communist International, if their friends and fellow-thinkers in other countries had not come to their aid and decided to distill the "troubled times" of intense struggle between revolution and reaction by means of the 2½ International. The examination of the Comintern programme thus had the sole object of gaining time, until capitalism will succeed in beating back the first powerful revolutionary wave. It must be admitted that they entirely succeeded in this manœuvre. In 1920 the British working class was full of revolutionary energy, it organised Committees of Action, it succeeded in staying the hand of Churchill and Lloyd George from active aid to Pilsudsky in the struggle against Soviet Russia. And the Lloyd George Government, manœuvring in a complicated and adroit manner, skilfully combined sweetmeats with lashes. A relatively short time back, Lord Derby acknowledged that the law on increased insurance benefits to the workers was only passed in 1920 with the sole object of averting revolution. Lloyd George and MacDonald have been working energetically together on this task.

The Communist International in its detailed answer did not confine itself to revealing the real sense of the twelve questions presented to it. It made a detailed analysis of all questions, and accurately formulated the attitude of the Comintern to the problem of dictatorship and civil war in Great Britain itself. According to this reply, it is the duty of the Communists to explain to the workers:

* This reply was published in full in No. 12 of the "Communist International" of 1920, and also issued as a separate pamphlet.

"1. That it is most unlikely that the British bourgeoisie—the most energetic and most skilful oppressor of national movements, the richest in the world, the ruler not only of millions of British workers, but of hundreds of millions of the peasants and the workers of its colonies—will give up its power without a struggle and become subject to the paper will of Parliament;

2. That, therefore, the workers should prepare not for an easy parliamentary victory, but for victory by a heavy civil war;

3. That should the workers have succeeded in getting power without this civil war that would only signify that the necessity of civil war would confront the working class as soon as it will set out to realise its will to defend itself from capitalist exploitation and speculation; as soon as it will begin to liberate the masses in the colonies, now oppressed by British imperialism."

At the last Congress of the Labour Party, MacDonald, held in his hands this reply of the Communist International, but cited from it only three words: "heavy civil war," with which he frightened to death the old officials of the trade unions, who were dreaming of eking out their lives by utilising the blessings of "freedom and democracy." MacDonald concealed—purposely concealed—that part of the reply in which the Comintern analyses the victory of the Soviet system in Russia—"The Russian workers took power not so much by means of the application of armed force, as thanks to the fact that armed forces came over to their side"—and in Hungary, where "the Hungarian workers received power without a rising." Now, of course, the reply must be re-drafted in full. But now also we should endeavour to understand the objects which the leaders of the I.L.P. are pursuing by their latest decision.

The United Front against the Communists at Home.

It is apparent from the report that the decision to form a single political international was adopted unanimously. This unanimity leads one to very serious considerations. We know very well that the rank and file of the Independent Labour Party have never had particularly great respect for the Second International. The Party re-entered the latter with the 2½ International at the time of the decline of the revolutionary wave. Even if we turn to the last Congress

of the Second International which took place last summer in Marseilles, we will see that it did not arouse any particular enthusiasm in our Labour movement.

In illustration of the attitude of the movement towards the Second International I will put forward only three quotations.

In an article in the "Labour Monthly" in September last, Purcell wrote :

"There is simply a small bunch of Amsterdam leaders who are interested in making the International Federation of Trade Unions a mere appendix to the Second, or as it is now called, the Labour and Socialist International. In its turn the Second International, in some of its parts, is an appendix to various continental capitalist governments."

"Lansbury's Labour Weekly" in the issue of August 29th, in summing up the results of the Marseilles Congress, asks: "Who provides the funds for this anti-Soviet campaign inside the Labour and Socialist International. . . ? They (the Second International Parties) have no time left for the study of the position of the workers in the modern State which is ruled by finance and highly concentrated industrial capital. This tends to put them on a level with the Liberals in this country."

And the central organ of the Independent Labour Party, "The New Leader," for August 21st, drew attention to the fact that the most impassioned and most voluminous polemics of the Second International "are directed not against French militarism, or British imperialism, or a German monarchist revival, but against Russian Communism." Affirming that the Second International is permeated with imperialism, the author of the leading article shows that the whole activity of the MacDonald Government, commencing with his letter to India on the eve of the formation of the Labour Government, right up to its last act in respect to the coercion act on Bengal, was a policy in accord with Imperialism.

These quotations in general give a true reflection of the attitude of the active British rank and file workers towards the Second International, but we have no information at all which would permit us to presume that the leaders of the Independent Labour Party have radically changed their attitude towards Moscow. In saying this, we by no means conceal the fortunate incident that the rapprochement between our unions and the Soviet trade unions has greatly raised the interest and respect for Moscow, not only among the trade

unions, but also in the political world. But we know that the leaders of the I.L.P. have resisted this rapprochement in every way, particularly during the early days. But we know that some of the I.L.P. leaders could hardly be accused of a swing around towards those principles which were expounded in Lenin's reply and that of the Communist International.

In these conditions the I.L.P. proposal should be looked upon either as a very serious political act, or else as a clumsy and awkward class move.

We would be prepared to accept the first version. There would be nothing surprising in this, if one remembers that our movement is experiencing a grave crisis and is painfully working at its own re-equipment, in accordance with the new demands of the class struggle. The facts, the real facts of political life which preceded and followed this decision, alas, do not enable us to maintain this version.

We have already recalled the reply of the Independent Labour Party to the proposal of the Communist Party for a united front. If in our situation, when capital is making frantic attacks and when a powerful Labour movement is powerless to resist because of its own scattered nature, it is more opportune to march dividedly and strike dividedly. It is difficult to conceive why and how a united front is possible on a world scale, which would include not only the I.L.P. and the C.P., but also the parties who have never had anything to do with the Comintern, and who have openly fought against Communism, giving armed assistance to counter-revolution.

The appeal of the Communists to the Independent Labour Party was preceded by the application of the Communist International to the Second International to organise joint meetings and monetary collections in aid of the striking Chinese workers and families of the killed and wounded Chinese. This appeal was made in June of last year, when the revolutionary wave in China had assumed a mass nature. As distinct from the leading organisations of the Second International, the Independent Labour Party, has displayed sympathy for the heroic struggle of the Chinese people. Nevertheless, the Independent Labour Party has not moved a finger to help the realisation of the united front, not even within the modest dimensions which were proposed in the Comintern's letter to the Second International. What is more, all the efforts of the Communist Party to bring about a united front in Great Britain have proved futile.

But we will be told that the new decision was taken after the change of leadership in the Independent Labour Party. Clifford Allen has gone, they will say and now a radical era is commencing, headed by Brockway. We will be glad to believe this, but the events that have followed the taking of this decision inspire serious doubts.

I have before me the report of a big protest meeting against the Communist sentences held on January 8th in the East End of London. This meeting was called jointly by the local organisations of the I.L.P., Communist Party and Trades Council. The speakers at this meeting were to have been A. J. Cook, Saklatvala, George Hicks, and E. H. Hunter, a well-known I.L.P'er. The latter not only failed to turn up, but sent a letter to the meeting stating that he could not appear on the same platform as Communists,

Cook proposed to the meeting—at which 1,500 workers were present—that Hunter's conduct be censured. At the same time Cook approached the N.A.C. of the I.L.P. to determine its attitude towards Hunter's conduct. A general meeting of 1,500 people unanimously condemned Hunter's action, but the N.A.C. of the Independent Labour Party, this same N.A.C. which now talks about a single International, failed to respond to Cook's question.

Hunter's action was very much to the taste of the E.C. of the London Labour Party, which hastened to send out a manifesto to all its organisations to conduct the campaign against the sentence on the Communists separately from the Communists.

The question automatically arises: is not the proposal for negotiations with the Communist International a safety-valve through which the leaders of the I.L.P. would like to direct the fighting moods of the masses, and thus lessen their attraction towards the Communist Party in Great Britain itself?

We have already pointed out that in the campaign connected with the Communist trial, the struggle between revolutionary and reformist tendencies within the Labour movement is becoming very pronounced. From this viewpoint the aforementioned meeting in the East End of London is extremely interesting. The resolution at this meeting does not only protest energetically against the political persecutions, but it "calls upon the General Council of the T.U.C. (note the Labour Party is not mentioned) to declare a general

one-day strike" if the campaign for the liberation of the arrested Communists does not achieved its aim. The local organisation of the I.L.P. participated in drawing up and passing this resolution together with the local organisation of the Communist Party. It is hardly necessary to prove that this resolution by no means resembles the words of MacDonald as to the necessity of freedom of speech for preserving civil peace, and for a more successful struggle against the Communists.*

The N.A.C. of the I.L.P. will have to take into account the fighting mood within the working class section of the Party that is becoming crystallised and formulated. Some of the leaders in the I.L.P. are sincere and are honestly reflecting this growing radical tendency along such channels as will not obstruct MacDonald in forming a bloc with the Liberals and his whole reformist policy. Both groups have come together on the alluring slogan of a single political international. This slogan has attracted some by its revolutionary nature and others in so far as it does not contain any direct threat to split the present Independent Labour Party, which is powerless to unite the trend of its Liberal section towards MacDonald and Lloyd George and that of its Left section towards local blocs with the Communists, which actually already exist in a number of towns.

In the light of this analysis it would appear that the Communist Party very aptly replied to the decision of the N.A.C. of the I.L.P. as to a single International; without letting itself be drawn into any theoretical discussion, it simply and clearly stated: Instead of very high-sounding phrases about extensive plans, let us organise resistance to the capitalist offensive concretely, practically and with joint efforts in conformity with the situation in Great Britain.

This simple and practical reply will compel the manœuvring leaders of the I.L.P. to come down to earth, and to

* To understand the struggle which is now taking place in the Labour movement, it is interesting to compare the resolution of the London workers' meeting with the leading article in the central organ of the Social-Democratic Federation of Great Britain. "Sympathy with the convicted Communists"—we read in the January number of the "Social-Democrat"—"is liable to become highly confused with sympathy with their objects, which are those of the Third International, which no one wants to see introduced here, and this sympathy is having its effect in the ranks of the Labour Party. Having brought out the fact on oath that the Communist Party received £14,000 in ten months, a sum which no revolutionary Party could expect to receive from its members and sympathisers in the country in which its activities were being carried on, the Government would have been well-advised to have allowed the defendants to be acquitted."

decide once and for all with whom and whither they will march.

The active proletarian section within the I.L.P. is honestly and sincerely concerned with the problem as to how to secure the victory of the British workers in the struggle against the impudent and cynical attack of the capitalists. One may say with certainty, that it will gladly respond to proposals of the Communist Party and will understand by proletarian instinct that the path offered by the Communists is the only path leading to victory. On the other hand, the Communist reply will unmask those who consider negotiations with the Comintern only as a special means of camouflaging real business-like negotiations with the Liberals for a political alliance against the revolutionary elements within the Labour movement. In other words the internal struggle within the ranks of the I.L.P. will not be overcome by the manoeuvres of its skilful leaders, but will acquire a more distinct political form.

The whole situation of the class struggle in Great Britain calls strongly for the unity of the active and fighting elements in the organisation of the struggle against the capitalist offensive and for the emancipation of the Labour movement from the captivity of social-Liberalism. The service of the Communist Party lies in its having been able in a concrete and convincing form to put into its own words the powerful demands of history.

BENNET.

We had already finished this article, when we received the "New Leader" for January 15th, and "Sunday Worker" for January 17th. The official organ of the Independent Labour Party attempts to explain why the "Independents" desire to conduct negotiations with the Communists in Moscow and refuse to do the same thing in London. According to the "New Leader," it appears that the obstacle to a united front with the Communists is the instructions from Moscow, obligatory for all Communists, which prescribe the preparing for an "inevitable heavy civil war at every turn of the class struggle." And the "Leader" concludes that while this rule exists, it is useless to talk about collaboration. It hopes, however, that the experience of recent years will help to change the views which have been formulated during the years of revolution. But for the new definitions of Communist strategy it is necessary in the opinion of the "New Leader" to apply not to London but to Moscow.

The reply of the Independent Labour Party was not unexpected for us. During the process of negotiations on the united front, the leaders of the Independent Labour Party are endeavouring to thwart the gravitation towards Moscow by means of old played-out insinuations which the C.P.G.B. and the Comintern had many times denounced.

To avoid misunderstandings, we will nevertheless remind the leader writer of the "New Leader" of the following points:

1. "Mysterious" Moscow does not send out instructions for the world Communist movement. These instructions exist only in the imagination of frightened old maids for whom the reactionaries fabricate forged letters. The strategy and tactics of the Communist International are an expression of the experience and achievements not only of the Communist Party of the U.S.S.R. but of all Communist Parties of the whole world, combined in a single Party of revolutionary Communism which is called the Comintern.

2. The phrase about "heavy civil war" was torn by MacDonald from the whole context of the Comintern reply, and it hardly becomes a Left-winger like Brailsford to follow in the footsteps of Ramsay MacDonald, who in the struggle against Communism and for the liberalisation of the Labour Party does not stop at any methods;

3. The years following the post-war revolutionary period have shown and proved that heavy civil war is prepared not by Communists, but by reaction, and more than anything and more cynically than anything by British Imperialism, which in the literal sense of the word marches over corpses, mocking at the constitutional illusions of political infants. Civil war never was and never can be a self-sacrificing goal for Communists. Communists, however, are different from opportunists in that they do not hide from the working class masses the truth about the obstacles which lie on the path towards the realisation of Socialism, and which cannot be overcome by constitutional means.

4. The Socialists in words and opportunists in deeds in all European countries do not reject collaboration with the ruling classes in the struggle against the proletarian revolution knowing that the ruling classes by no means confine themselves to their famous constitutional measures for achieving their aims. But they are afraid to collaborate with the Communists in the struggle for the pressing inter-

ests of the working class, because the Communists do not desire to subject themselves to the dictatorship of capital and are ready to struggle against it by all means at their disposal.

It is just for this reason that we take the liberty of presuming that the "New Leader" by its reply is actually bringing water to the mills of the MacDonalds and Thomases, and entering into opposition to those members of the I.L.P. who, at their conference in Wales clearly stated: "We want the Communists in our ranks."

Brockway's article printed in the "Sunday Worker" is a repetition of the reply of the "New Leader," with the difference that Brockway deemed it necessary to ornament his article with Left phrases. Brockway writes that the Independent Labour Party rejects the theory of the inevitability of armed revolution. In other words, Brockway would like to return to the peaceful shelter of the 2½ International, untouched by the storms of the class struggle. But such an attempt has already been made once. We know how this experience ended. The active revolutionary elements joined the Communists whilst the opportunists joined the camp of the Second International.

In the same number of the "Sunday Worker (January 17th)" in which Brockway's article is published, we find a short but clear reply by Robert Stewart, acting general secretary of the Communist Party, in place of Albert Inkpin, who is taking a constitutional rest in a democratic prison. Robert Stewart seizes the bull by the horns. He says to Brockway: you are against the theory of gradualness, but this does not prevent you from working with MacDonald, who not only propagates this theory, but who carries out this theory every day. Why then does your disagreement on the theory of the inevitability of the armed struggle prevent you from participation in a joint campaign with the Communists against the capitalist offensive?

The statements of Brockway and the "New Leader" are also valuable in that they enable the Communist Party to destroy the smoke screen of Left phrases behind which the leaders of the I.L.P. have wanted to shelter from the approaching class struggle.

B.

A Sign of the Times: New Agrarian Programme of the Austrian Social Democrats

1. A Fine Imitation of the Bolsheviks.

IN November, 1925, the Austrian Social-Democracy at its Congress adopted a new, detailed and elaborate agrarian programme. This programme is a highly significant phenomenon. Its text, as also the commentaries on the agrarian question made by the reporter, Otto Bauer, at the Congress and also in "Kampf" before and after the Congress, show that the Austrian Social-Democrats in their current presentation of the agrarian question are trying to imitate the Bolsheviks, although naturally enough they avoid naming the authors whom they are plagiarising.

The point of departure of the new programme is that it states that the path to Socialism lies through the union of the proletariat with the peasantry, for whose soul the proletariat must wage a stubborn struggle against the bourgeoisie.

Otto Bauer in his articles in "Kampf" gives a very apt economic basis for this conception.

Already in 1895 at Breslau—he says—the German Social-Democracy endeavoured to formulate an agrarian programme. But this attempt was unsuccessful owing to the fact that two problems were confused: the question as to which agricultural enterprises have more economic advantages—the large or the small—and as to which of these two forms of economy have best chance of success in their competition under the conditions of the capitalist order. Ever since this question was promulgated by German Social-Democracy—says Otto Bauer—an extensive literature on this question has grown up and voluminous statistical material has accumulated which enables us to settle definitely the old dispute: "Now one can hardly question that large-scale agriculture as a general rule surpasses petty agriculture in respect to **labour productivity** and that on the other hand small-scale agriculture as a general rule surpasses large-scale in respect to **intensivity** of land utilisation. As a general rule, petty agricul-

ture yields more products on the same area of land, but this is obtained at the cost of a proportionally larger application of human labour and bigger expenses on cattle. Klaasen gives the following rough calculation: in the farms he investigated the average income per hectare was estimated at 113 marks on large farms and 191 marks on small farms. But the large income of the small farm is obtained by applying three times more labour per hectare and two-and-a-half times more cattle. Thus in the small farms the gross income is 70 per cent. greater, but the application of labour power is 200 per cent. greater and of cattle 150 per cent. Consequently, petty agriculture is less productive than large. If we were to break the large agricultural enterprises into small ones for the formation of peasant farms, the production from them would increase, but the composition of this product would change: part of the crop production would decrease while part of the live products would increase. But the increase in production would be obtained in the first place by the fact that the peasants replacing the big farmers would have to apply their labour power (in greater quantity) and also the labour power of the members of their families, they would have to increase the working hours while the women and children would have to perform harder work than in the large farms; secondly this would have to be compensated for by the fact that on the same area of land there would be a large number of people engaged on the peasant farms and larger quantity of cattle would have to be maintained than on the large farms, therefore, a larger part of the gross income would have to be applied to feeding the farmer and his cattle as a result of which less surplus would be left for the market, for feeding of the town population.”*

It follows from the above that in petty agriculture not only is labour productivity lower than in large-scale agriculture, but with a bigger gross income, the net income, i.e., commodity surplus, is also less than on big farms.

From this conception, which confirms the correctness of the Marxian view as to the advantage of large-scale agriculture over small, the Social-Democrats drew the conclusion in the 'nineties that on the arena of free competition in capitalist society large-scale agriculture will more and more squeeze out petty farming. This conclusion does not find confirmation in life, as Otto Bauer correctly points out: “Experience teaches us that free competition neither led to

* “Der Kampf,” November, 1925, Otto Bauer, “For the Party Congress,” p. 404.

the swallowing up of peasant farms by large enterprises, nor on the contrary to the dividing up of big enterprises into small and that both forms of economy have preserved their position. . . . We now know that the proletariat by the time it conquers political power will be confronted with petty peasant farms side by side with large agricultural enterprises.”*

Why is it that the less productive small peasant farms were not ousted by the large enterprises? Why did they reveal such tenacity? Because, as Otto Bauer correctly replies, the peasants, seeing the insecurity of the proletariat, who is always menaced with unemployment, convulsively cling to their piece of land, ready to pay three times more for it, ready to be overwhelmed by unpaid debts for it, ready to eke out a miserable existence on it, if only to avoid the risk of being thrown on to the streets.

In the article “Land Indebtedness and Socialism,” Otto Bauer writes: “Fear of wage slavery is the cause of the slavery of the debt-ridden peasant. . . . Only when the position of the worker will have been changed so that no one any longer fears this fate, only then will no one willingly overpay for land, merely to avoid being compelled to live as a proletarian.”†

Thus only after the social revolution do perspectives of liberation from want open out before the peasant. Only then will he cease clinging to his miserable patch.

How is this liberation of the peasants to be achieved?

Otto Bauer replies to this in “Kampf,” in the article “The Party Congress” already cited: “Only after a number of expropriations, due to the socialisation of the large enterprises in industry, agriculture, forestry, trade and credit system will the development of Socialist society commence. These expropriations are not the end but the beginning. They are only a means of “liberating the elements of new society” (Marx); but the development of these elements will then no longer require new violent expropriations, but only the gradual organic adaptation to a new social environment, formed by these inaugural acts of expropriation. At the present time thousands of peasants pay excessively day by day only to be able to live on their own bit of land, only not to become proletarians. But the higher the standard of living

* Ibid.

† Otto Bauer: “Land Indebtedness and Socialism”—“Der Kampf,” January, 1926.

of the workers in Socialised enterprises becomes, the less will the workers' fate frighten the masses and so much the less will they be ready to buy or lease land at any price whatsoever. . . . The higher the standard of living of the workers in socialised enterprises will become, so much the less will there be a land famine amongst the population; the prices of peasant estates will not exceed their earning capacity, and when land is bought, transferred, or inherited it will no longer be burdened with mortgages. Together with the rise in the price of land, indebtedness will disappear, and exploitation of the peasants by means of mortgages will disappear as well. Whereas in capitalist society peasant landed property is, for capital, only a means of appropriating the net income of the peasant farms by means of mortgages and pledges, then the peasant will for the first time be enabled to secure an income from his labour.

But together with the change in the social functions of peasant landed property the peasants' method of production will also gradually change. The higher the standard of living of the workers in socialised enterprises will be, so much the stronger will become the attraction of the socialised enterprises for the children of the peasants and the farm labourers. In order that agriculture be not deprived of the required labour power, the peasants will be forced to a maximum increase in the productivity of their labour, in order to insure to their employees also the higher standard of living. But such an increase in productivity of labour will only be possible in the event of the peasants learning to utilise the advantages of large enterprises. They will, therefore, gradually learn to utilise peasant co-operation, which at the present time only serves for finishing and realising agricultural products, for the perfection of production itself. Gradually the peasants will extend the sphere of their co-operatives. With the aid of co-operation they will draw in scientifically schooled agronomists, will apply modern machine methods, and use all auxiliary measures of modern technique, and lastly they will commence by co-operative means, to apply those processes of production which in large scale farming are featured by higher labour productivity. The stronger the attractive force of the socialised large enterprises will be for the agricultural workers, the further will the peasants go along the path of productive co-operation. Only in a later and higher phase of development of this process will it be possible to get on without hired workers in large-scale and petty agriculture, having transformed the peasant farm labourer into a member of the peasants' co-operative with equal rights."

We thus see that Otto Bauer has learned a few things from the Bolsheviks, that he draws the perspective of the gradual attraction of the peasants into social economy through co-operation according to a purely Bolshevik scheme. Otto Bauer now imitates the same Leninist dialectic in presenting the peasant question **on the eve** of the Socialist revolution.

Although the indisputable economic advantages of large-scale farming over petty agriculture have been fully established, and although Otto Bauer foresees the inevitability of gradual socialisation of peasant economy **after** the Socialist Revolution, **after** the nationalisation of large industry, trade and credit, he, again following the Bolsheviks, recognises that for the **preceding** epoch, for the epoch of the proletarian struggle for power, it is opportune to make concessions to the peasantry, and where necessary for winning the support of the peasants, to concede the dividing up of landowners' estates among them. In his article "For the Party Congress" he writes: "Despite this (the proved advantage of large-scale farming over petty) the revolutions commencing from 1917 in a considerable section of Europe broke up the large agricultural enterprises and shared out their land amongst the peasants. In Russia, the proletariat **gave** the big estates to the peasants for nothing in order to carry the peasants with it; on the contrary in the Baltic States and in Roumania the bourgeoisie distributed the large landed estates to the peasants in order that they would not fall under the leadership of the Bolsheviks. This same motive is now urging the Polish bourgeoisie along the path of dividing up the large landed estates. Thus the agrarian revolutions have had their origin in the requirements of the class struggle—the struggle of the bourgeoisie and proletariat for the soul of the peasants. In other countries the national struggle necessitated the same measures: in Czecho-Slovakia, Latvia, Esthonia, and Yugoslavia, the splitting up of large-scale land ownership served as a means for snatching the soil away from the foreign ruling class, the political power of which had been broken by the national revolution. Thus the classes and nations fighting among themselves instituted agrarian reforms which for a definite time could only lower the productivity of labour and, therefore, also the cultural level of the population, in order to strengthen their class or their national power." Whilst pointing out these facts it is true that Otto Bauer says that in Austria to a certain extent the proletariat can avoid this sacrifice, that there it will be possible in most cases to avoid dividing up the large agricultural enterprises, because of the specific conditions of Austria: there are not very many large agricultural enterprises, the landowners

possessing forests rather than farms. In principle Otto Bauer does not deny the admissibility of dividing up the large estates when this solves the question as to the peasantry going over to the side of the proletariat. Thus on this point also, Otto Bauer abandons the Social-Democratic traditions and is ready to follow the example of the Bolsheviks.

This Bolshevik conception of the agrarian problem is the basis of the new agrarian programme of the Austrian Social-Democrats, accepted almost without discussion at their last Party Congress in November, 1925. We say almost without discussion, because there was only controversy there on certain minor questions concerning the struggle against alcoholism and anti-religious propaganda, or rather the abandonment of such struggles.

We do not contemplate a detailed description of this extensive programme, we will merely note its most substantial arguments. The programme is divided into three parts: (a) immediate demands for the improvement of agriculture; (b) immediate demands for improving the position of the agricultural proletariat, and (c) the transition to the Socialist order of society.

The first section speaks of **the measures for improving peasant agriculture**. For this object the programme develops a plan of extensive school reform on the principle of **labour schools**, a plan for the wide application of agricultural training. Further, this section speaks of assigning State and municipal resources for the improvement of peasant agriculture; it then alludes to a number of **compulsory measures** which should be effected in the interests of society on the initiative, or with the agreement of, the agricultural chambers, in order to break backward petty proprietors' resistance to the rationalisation of peasant agriculture. These measures include: compulsory abolition of the fallow boundary strips by which the fields belonging to different proprietors are separated from each other, obligatory soil drainage, road-building, etc., obligatory maintenance of breeding cattle, obligatory seed selection, fight against pests, forestation of definite areas, regulation of the use of lakes, woods, etc.

For the liberation of the peasants from exploitation by commercial capital, this section of the programme recommends the establishment of a **State monopoly** of foreign trade in grain and flour (and this after the fulminations against our Soviet foreign trade monopoly!)

For the **struggle with the indebtedness of peasant economy** this part of the programme recommends the development of cheap agricultural credit, "the struggle against the rule of the banks, abolition of bank trusts, and subjection of the banks to the strictest State control," the development of a system of non-profit insurance funds and credit societies. Further, to increase the marketing of land and thereby further its cheapening, this section of the programme demands the abolition of "life interest" titles (estates for life, not subjected to sale) and also the prohibition of the exclusive hunting and fishing rights of private persons. Finally this section of the programme proposes a number of measures for improving the conditions of peasant leases.

In order to **lighten the tax burden on the peasants** this part of the programme demands that the land taxes be replaced by a **progressive tax on ground rent**, from which, of course, those peasants who work their own farms and whose receipts correspond with the usual wages, will be exempt.

This whole section of the programme proposes measures for improving the position of the peasants **within the framework of the capitalist order**. The following part of the programme deals with the measures for improving the position of agricultural workers—also in the framework of the capitalist order. Here it is proposed to extend labour legislation to agricultural workers (collective agreements, restrictions of working hours, etc.), the peculiarities of agriculture being taken into account. For instance, instead of establishing an eight-hour day, the programme demands the establishment of an **average** eight-hour day for agricultural workers, with permission to exceed this in harvest time, on condition of its being lowered during the winter months. Simultaneously the programme demands the establishment of a definite rest period for shepherds and hired workers engaged in rural domestic service. Much space is devoted in this part of the programme to measures for ensuring **independent quarters** for agricultural labourers, which is a necessary pre-requisite for protecting them from excessive exploitation. In this part of the programme are to be found the measures for improving the position of the agricultural labourers who have their own kitchen gardens; to solve the housing problem for both these categories of farm labourers, the programme demands restoration of the rights of the agricultural communes to the lands they owned up to 1848 and which were taken away from them by the landowners and capitalists.

The beginning of the last part of the programme, devoted to the transition to the Socialist order, states: "the land booty of the gentry developed at the expense of the property

of the toiling peasants. In the struggle for the improvement of agriculture and of the position of the agrarian proletariat, Socialism collides with large landlordism. This must be abolished. The task of Socialism is to reconquer for society the land which the ruling classes have robbed from the people in the course of centuries."

For this object the programme demands "the **expropriation and transfer to State ownership of private and Church forests.**" These forests should be directed by corporations in which, side by side with the State, the forest workers and peasants should also be represented, while forestry would be conducted in such a way that, on the one hand, the conservation of the forest needs of society will be insured—on the other hand the peasants will be guaranteed adequate pasture for cattle breeding.

Further, this section of the programme demands **nationalisation of the large agricultural enterprises.** In view of the fact that it is necessary to preserve such enterprises for the technical progress of agriculture, the programme proposes handing over these estates, or a part of them to the peasantry only in the event: (1) if part of the estate is wedged in between peasant farms; (2) if in a certain locality large landholding economy is so widespread that petty farming cannot be rationally conducted owing to the lack of land and, finally of the largest estates that have been leased out for farming by petty leaseholders. In the remaining cases nationalised large enterprises should be socially conducted.

At the end of this section of the programme, it is stated that **petty enterprise will gradually be socialised.** The perspectives are laid out just as Otto Bauer expounded them in the articles quoted from "Kampf": the transition of the large banks, of large industry and large-scale trade to the ownership of society will liberate the peasants from paying high interests on credits which finance-capital foists upon them, and also from the low prices for agricultural products to which they are subjected by the trusts, as also from exploitation in capitalist trade. In capitalist society the peasant's share in the total quantity of products of social labour depends upon the anarchy of the market. In Socialist society the uniform development of industry and agriculture becomes possible as also the regulation of the peasants' share in the total income from social labour The exploitation of peasants by mortgage banks was only temporarily lessened owing to the depreciation of the currency. Now it is once more growing. Only when society will ensure to every

worker housing, livelihood and old age insurance will there no longer be any need for the peasant to cling to his land. Land prices will no longer be inflated and the possibility of exploiting the peasantry on this basis by mortgage capital will disappear. Finally, in the subsequent development of co-operation amongst the peasantry, "co-operation will enable the peasantry to utilise the advantages of large-scale farming and the achievements of modern technique and science."

We see that the new agrarian programme of the Austrian Social-Democratic Party is almost Bolshevik. The Austrian Social-Democrats have begun to speak on the agrarian question like Bolsheviks, only "in somewhat different words." They have begun speaking in Bolshevik language but on certain things they modestly keep silent. But it so happens that these "certain things" are of decisive importance.

II. How and Why They have Begun to Imitate Us.

The friend and colleague of Otto Bauer—Theodore Dan writes in the "Sozialistichesky Vestnik," with regard to the new agrarian programme of the Austrian Social-Democrats: "If we take the programme from a purely outward aspect, one cannot fail to notice in it in many respects a striking similarity with the present Bolshevik 'slogans.' The main idea of the programme—Socialism, achieved by means of conquering the 'commanding heights,' the alliance of the proletariat and peasantry with the 'hegemony' of the working class, etc., and also various sections of it, such as: co-operation, 'compulsory' measures for raising the productivity and even a 'grain monopoly'—all this would appear to be what the Bolsheviks are now saying after abandoning the theory of pure Communism."

Having established this indisputable fact of the outward similarity between the Austrian and the Bolshevik agrarian programme, Theodore Dan continues: "But with all this outward similarity, which provides such a pleasing possibility to all 'Socialist-eaters' to smash Socialism under the disguise of smashing Communism, it would be a great error to overlook the main differences of principle between the theory and practice of Bolshevism on the one hand and that of Social-Democracy on the other." Wherein, in the opinion of Theodore Dan lie these differences of principle? It would appear to be in the following: "We will understand this difference when, for instance, we call attention to the fact that 'com-

pulsory' measures are realised in no other way than 'on the initiative or with the agreement of the agricultural chambers,' i.e., of freely elected bodies representative of the whole peasantry or when we remember that the foreign trade 'wheat monopoly' is directed by the State jointly with a freely-elected representation of farmers' and consumers' co-operatives, etc. What, for instance, has such a restricted 'monopoly,' constructed on the basis of autonomy and managed in the interests of society, in common with the sweeping Bolshevik monopoly organised bureaucratically from top to bottom?"

What Theodore Dan says here concerning differences in principle between the Austrian Social-Democratic agrarian programme and that of the Bolsheviks is absolute nonsense, hardly worth refuting. It is not a question of these plasters and crutches for the distasteful compulsory measures or the hated foreign trade monopoly which the Austrian Social-Democrats were at last compelled to recognise as expedient. The difference in principle between their agrarian programme and that of the Bolsheviks lies in something immeasurably more important.

The Austrian agrarian programme depicts State measures demanding the expenditure of large monetary resources: further, it speaks of the compulsory expropriation of the large landed estates. From whence do the Austrian Social-Democrats propose to obtain these resources? How do they think of performing this expropriation? By confiscation, or by way of "just" compensation for the landowners' lands? Judging by the fact that the programme speaks of the landed estates as of "robber property," "burgled" from the people, one might assume that the Austrian Social-Democrats, after the fashion of the Bolsheviks, were beginning to put forward demands for the confiscation of the landed estates without compensation.

But that would be an error. We are already sufficiently accustomed to pompous revolutionary phrases from Otto Bauer, behind which the most pitiful reformist contents are hidden. It is enough to recall that in his history of the Austrian Revolution he called by the pompous name of "Social Revolution" what was really only the military defeat of the Austrian Empire. Up to now all the Social-Democratic Parties have in the post-war period rejected confiscation in principle, and have only recognised nationalisation with compensation. If the Austrian Social-Democracy were now to reject this good tradition, this would be stated in black and white in its agrarian programme. But the programme

passes over this question and keeps modestly silent about it; this is of extreme significance.

It is not only we who understand this; the bourgeois press also correctly estimates it. The Vienna bourgeois paper, "Neue Freie Presse"—writes with regard to the new programme of the Austrian Social-Democrats: "There is one little question which Dr. Otto Bauer systematically avoids—a question which is, however, of decisive significance: Who is to bear the expense of introducing his agrarian programme? Who is to pay for the ownership of the woods taken from private property owners and handed over to the public? We presume that Dr. Otto Bauer will not begin thinking of confiscation without compensation, of the naked robbery of the former owners? Who is to provide the State with the necessary financial resources to fill this void caused by the abolition of taxes, particularly the taxes on wine? . . . And finally, who will recompense losses which will accrue as a result of peasants paying higher wages in order to raise thereby the cultural level of his labourers, if he is not able to cover them by raising the prices of his produce? This would mean nothing more nor less than compelling the urban consumers to pay, just because the Social-Democrats want to win the agricultural proletariat to their side. A tremendous gap yawns here . . . It feels as if we are dealing with the usual Utopias whose main object is demagoguery."

The bourgeois paper is right. If Otto Bauer and Co. do not contemplate confiscating the large estates and expropriating them without compensation, then their agrarian programme is Utopian and its object demagogic, i.e., to attract the sympathy of the working masses by promises which the Social-Democrats do not seriously intend to fulfil. Since that is how matters stand, the "Leipziger Volkszeitung," a German Social-Democratic organ, which knows its Austrian friends, which knows its Pappenheimers "very well," sets them at rights for accepting such an ostentatious agrarian programme. In its issue of 3-10-25, the "Leipziger Volkszeitung" writes: "The programme contains a series of new demands. It demands State resources on a large scale for raising the productivity of agriculture, but it contains absolutely no indications as to whether the State can supply these resources. While State power is in the hands of large capitalists and agrarians the Government will give nothing for the small peasants nor for the farm labourers. On the contrary, it is they who will have to bear the burdens. . . . It must be understood that such a State as Austria even when it will eventually be ruled by the peasant and proletarian masses, will not be able to expend unlimited resources on agriculture.

Big demands may be advanced but it will always be the main task of the toiling agricultural population to bring these demands into realisation. Should the Social-Democrats find themselves in position to wield governmental power, and should they as a result of inadequate resources, be unable to realise their programme, general disappointment and exasperation will set in. Not only the petty peasants, but also the other toiling strata will then advance their lawful claims. It is, therefore, necessary **to be cautious**. A programme should not nourish any illusions, it should be of a **scientific character**." It must be admitted that the "Leipziger Volkszeitung," **from its own reformist point of view**, argues quite correctly and logically: if we are not prepared to resort to revolutionary methods of action, then it is silly to make promises which can only be fulfilled by revolutionary methods.

The second difference in principle between the Austrian Social-Democratic agrarian programme and that of the Bolsheviks is that the Austrian S.D. programme remains silent as to the methods which Austrian Social-Democracy proposes for the conquest of political power and the realisation of the Socialist Revolution. And here again Otto Bauer with characteristic demagoguery fills in the gaps with revolutionary phraseology. In his article, "Land Indebtedness and Socialism," published in the January number of "Der Kampf," he writes (on page 9) under the pompous heading, "Bourgeois Reform or Socialist Revolution": "The great bourgeois conservative school of agrarian reform (Robertus, Lorentz, Von Stein, Scheffle, Rudolf Meyer, Vogelsang, Heinisch), recognised the exploitation of the peasants by mortgage capital as one of the main evils of the capitalist social order. This school sought by all means to liberate the peasantry from this servitude. But it sought to overcome the action of capitalism, without destroying capitalism itself. That is impossible. All measures which these conservative-agrarian reformists proposed—limitation of indebtedness, the right of collateral inheritance, fixation of land prices—prove partly inapplicable and partly futile. The exploitation of the peasants by mortgage capital can be removed once and for all, not by means of a bourgeois reformation of capitalism, but only by means of social revolution and the destruction of capitalism."

From these words a credulous reader might conclude that Otto Bauer has abandoned the viewpoint of bourgeois reformism and adopted the point of view of the proletarian revolution. But such a misunderstanding could only arise with a reader who is insufficiently acquainted with Otto Bauer and Austrian Social-Democracy. Otto Bauer half-revealed his

real strategic plan in an article "The Party Congress" appearing in the November issue of "Der Kampf." There he wrote: "A further industrialisation of Austria to the extent of making the industrial workers and employees the majority of the population is not to be expected. Therefore, the most important task of the Party is to secure allies for the industrial workers and employees, together with whom they will be able to put an end to bourgeois rule over the Republic. We must become **the majority** in order to carry through our demands and realise our aims."

Citing these words, Otto Bauer's friend and colleague, Theodore Dan, dots the i's and crosses the t's in an article in the "Sozialistischesky Vestnik." He writes: "At the elections to the Austrian parliament in 1923, the Social-Democracy secured 1,311,870 votes and elected 68 representatives out of 165. It lacks altogether only 300,000 votes and 15 mandates in order to have the majority among the electorate and in parliament. Having exhausted its reserves in the **industrial** population, Social-Democracy, in seeking for this majority, turns to **the peasantry.**"

It now becomes clear how Otto Bauer intends to bring about the "Social Revolution" and put into life his agrarian programme. He intends accomplishing this by means of votes in parliament, after the Socialists will have secured a majority there. But were not the Austrian Social Democrats in 1918 already masters in the Austrian parliament, and were not the peasantry in 1918, according to the admissions of Otto Bauer, ready to support the Social-Democracy by revolutionary means? How did the Social-Democrats utilise this favourable situation at that time? Out of terror before the Entente, they called upon the proletariat for "self-restraint" and blasted the hopes of the peasants. Can it be doubted that if history were to repeat itself and if the Austrian Social-Democrats were again to receive a ruling position in Parliament, that because of the same fears they would again act in the same manner?

We now see the way the Austrian Social-Democrats imitate the Bolsheviks. They accept the Bolshevik agrarian programme, but first mutilate it and draw the revolutionary sting out of it by keeping mum on the fact that it can only be realised by means of confiscating the landed estates, by means of a violent revolution and the establishment of the dictatorship of the proletariat. It is merely this minor detail which is lacking from the Austrian agrarian programme; all the rest of it is Bolshevik!

What need did the Austrian Social-Democrats have to commit this forgery of Bolshevism, this outward imitation of the Bolshevik agrarian policy? This is a question of primary importance. This tactic was unquestionably dictated not only by the desire to catch peasant votes, but also by the new moods in the Austrian proletariat.

In his article, "The Party Congress," Otto Bauer wrote: "If the curve of our economic position will perhaps drop no lower, it will, at any rate, not rise. The long protracted period of depression can be overcome only gradually, only by means of a gradual adaptation of the production and realisation of our industry to the new conditions."

In his report at the Party Congress Otto Bauer estimated the economic perspectives in Austria still more pessimistically: "Our industry is in the grip of a severe crisis and it can hardly be expected that this crisis will soon be overcome; but even if it should be overcome, it is unlikely that the number of workers and employees engaged in our industry could in any substantial way be increased, for our industry is now experiencing a process of decline; it has entered into a phase of curtailment."

The position of the Austrian workers in the present-day decline of European capitalism and the special conditions under which the Entente with the benevolent support of Austrian Social-Democracy placed Austria, are extremely difficult. The Vienna correspondent of the "Leipziger Volkszeitung," Dr. Otto Leichter, writes in this paper on November 26, 1925: "The workers are becoming inert, losing their courage and becoming dulled. Since, in Lower Austria and in the Vienna-Neustadt district there are various places in which 60 to 80 per cent. of all inhabitants have already been out of work for a whole year, it is not difficult to understand this inertia, which is becoming more and more widespread." According to the "Abend," in his concluding speech at the Congress, Otto Bauer stated:

"I observed with regret that the political discussion at this Party Congress proceeded with great indolence. I have a feeling that depression reigns among the delegates. Our Party has need of criticism, but it is not to be seen. This time the Central Committee received no rebuke, which might have been very helpful. It seems that the comrades have no longer any desire to criticise." At the same Party Congress, Eisenger said with reference to the Party press: "We have 837,000 workers organised in trade unions and 576,000

organised politically, but our six daily newspapers have altogether a circulation of only 141,350 copies. Only every fifth trade union member and only every fourth politically organised worker are subscribers to our papers. Meanwhile there are in Vienna three so-called people's papers, with a circulation of 215,000 copies." The Social-Democratic workers are thus losing interest in their own party press.

From all this it is apparent that the Austrian workers, who, from tradition follow the Social-Democratic Party, are experiencing profound disappointment, and that they see no prospects ahead of them. That is just what arouses among many of them an interest in what is going on in the Soviet Republic. It stirs them to send delegations to our country in order to see with their own eyes how the workers are living in the country so much slandered by their leaders and which under the leadership of the Bolshevik Party, according to all information, is regenerating and going upwards, whilst at the same time the European countries, in which the Social-Democrats have missed so many favourable opportunities for a revolutionary attack on the bourgeoisie, and in which they have systematically capitulated before the bourgeoisie, are rolling down-hill. These new moods of the Social-Democratic working masses, this awakening consciousness that they have nothing to expect or hope for within the framework of capitalist society under the direction of their old leaders, by no means signify that they are already experiencing a phase of revolutionary revival. On the contrary, they are still in a depressed mood, but their sympathies for the Soviet Republic and for the Bolshevik Party which is directing it, are undoubtedly growing. If they have not yet the determination to follow a Bolshevik path, they have nevertheless in the difficult conditions under which they live, a growing hope that sooner or later they will follow this path. The Austrian Social-Democratic leaders take into account these significant changes in the moods of the proletarian masses, and, therefore, in order not to lose their influence over them, they are painting for them joyful perspectives of the Bolshevik New Economic Policy. However, they hide from the workers that the path to it lies through civil war, through the establishment of proletarian dictatorship and that there is no other path towards the realisation of the Bolshevik programme in general and the Bolshevik agrarian programme in particular.

Otto Bauer whose tactfulness cannot be denied, in his article "The Party Congress," characterised the present mood of the Austrian Party masses as follows: "Our everyday

struggle is a struggle for wages, for various economic-political and social-political measures. Successes in this struggle are inevitably small as long as the Government, parliament, the Landtags, the administration and the organs of justice, remain in the hands of the bourgeoisie. Chances of success in this struggle are doubly small since we are shackled by a period of the most acute industrial depression. A force sufficient to weld the masses we have won during the last five years, strongly and durably together and to inspire our youth which can win for us most valuable elements from the vacillating middle classes, will not be inspired by this everyday struggle with its restricted aims and its too limited successes. This force can only grow up from a great, attractive, inspiring idea. The disappointments of the periods of war and revolution weakened the attractive force of Marxian Socialism. A large number of new controversial problems is imbuing the broad masses with scepticism in relation to the old Marxian ideology. To give an unambiguous reply to these problems on the basis of the wealth of new experiences, and thereby to overcome the scepticism towards Socialist ideology—this is the ideological task which we must perform. It is a task which must be solved **by the revision of our party programme.**” If we replace in the above cited tirade the words “scepticism in relation to the old Marxian ideology” by an expression more in accordance with actuality—“scepticism in relation to the old Social-Democratic ideology,” then we could sign our names to it. But then there would also have to follow a different conclusion from Bauer’s words: In order to overcome the sceptical attitude of the rank and file Social-Democratic workers towards the old Social-Democratic ideology, it is necessary to replace the old Social-Democratic programme not by a faked Bolshevik, but by a real Bolshevik programme, which alone is permeated with “a great, attractive, inspiring idea.” At the present time perhaps still, the Social-Democratic working masses do not notice that their leaders are now offering them a faked Bolshevik programme as a solution of their vexing problems. But sooner or later they will find this out. And the quicker we are in finding a correct approach to these Social-Democratic working masses, the quicker we find a common language with them by means of a skilful application of united front tactics, the sooner will the Social-Democratic workers have their eyes opened.

A. MARTYNOV.

How Has Stabilisation Reflected on the Situation of the Working Class?

HAS the stabilisation of capitalism during 1924-1925 established "industrial peace" in Europe? At the end of 1924 it might have seemed that the worst times for the working class had been left behind. Unemployment decreased considerably. The inflation period passed and with it the miserable starvation wages. But as things went on, the profound, though less outward, contradictions of post-war capitalism began to be revealed more and more sharply, when the artificial veils of inflation and "false economic situation" of the early post-war period were removed. The war and inflation greatly increased the productive apparatus, increasing the potential productivity of industry by 40 to 50 per cent. and at the same time considerably reducing the consuming basis. Simultaneously the industrialisation of the Trans-Oceanic countries took place at a feverish speed. As a result the contradiction of capitalism which had periodically recurred hitherto—the discrepancy between productive possibilities and the possibilities of realisation depressed through private capitalist market relations—grew to gigantic dimensions and became chronic.

This contradiction became particularly apparent during 1924-25, the Dawes and Locarno year. "We are on the border of the third year of stabilisation," writes the "Frankfurter Zeitung" in its economic review for 1925, **"and crises are still our lot."**

The absence of turnover capital, the poor purchasing power of the population, the new currency fluctuations, the lack of credits, customs barriers, the absence of the Russian market, and finally technical backwardness—such are the main sources of the European crisis. The crisis reached its highest developments in Great Britain in the middle of 1925, and in Germany during the last quarter, on the eve of 1926.

By the commencement of 1926 there were nearly one million unemployed in Germany, one and a quarter million

unemployed in Great Britain, hundreds and thousands of unemployed in all other countries in Europe.

In the middle of 1925 only half of the blast furnaces were working, half of the shipyards were empty, hundreds of coal mines at a standstill, and only a part of the spindles working at full speed. In August, there were about five hundred mines in Great Britain which had completely stopped. The end of 1924 only 69 per cent. of the mines in the United States which were working at the end of the world war, were being exploited. More than 10 per cent. of the world mercantile fleet was out of the running in 1925. The number of blast furnaces working out of the total number had decreased more than twofold as may be seen from the following table:

	Gt. Britain	France	Belgium	U.S.A.
No. at commencement of 1925	482	220	56	403
January, 1925	172	133	50	251
June, 1925	148	141	32	189

Stabilisation—if we do not take into account the “economic miracle” of the U.S.A. (which was rather shaken during the last quarter of 1925)—has not only failed to make any progress in Europe in 1925, but, on the contrary, **the stabilisation crisis** of the first half of 1925 reached at the close of 1925, dimensions such as may become the starting point of a real **crisis** of stabilisation.

* * * * *

It goes without saying that the instability and oscillation of capitalist stabilisation devolve upon the shoulders of the working class in full force. Quite apart from the immense army of unemployed, the capitalist offensive is being waged upon the whole class front. The only possible solution for capitalism in each country is a real reduction of the cost of production, i.e., first and foremost the reduction of cost of labour power. But whereas in 1920-21, during the first post-war crisis, the main weight of the blow was directed against wages, now the attack of the owners is made in quite different directions. Wages, both in Germany and in Great Britain (particularly in the export industry) have fallen to such an extent that even the owners cannot think seriously of making any considerable reduction. What is more, a reduction of wages would bring about a still further curtailment of the whole market, which would create new prerequisites for the subsequent development of the crisis. Dur-

ing the two years of stabilisation wages have fluctuated less than anything else. Employers concentrated their whole energy on lengthening working hours and increasing the exploitation of labour power. But as the labour organisations were an obstacle to this, the disintegration of the working class ("The American Method"—workers' banks, participation in profits, etc.) a gulf between skilled and unskilled workers by means of increasing the inequality between them, and the offensive against the trade unions was most pronounced during these years. The delegation of the Federation of British Industries, which in the autumn of 1925 investigated the situation in the United States, admits in its report with envy the growth in the productivity of American industry and indicates as the main reason: high technique, high wages, satisfactory relations between workers and employers. "In America the fatal doctrine as to the inevitability of the conflict between Labour and Capital does not prevail." In an article devoted to this report, the Liberal "Manchester Guardian" (19-11-25), writes: **"The British employers would be glad to give the workers a considerable part of their profits, if the productivity of labour of the workers were limited only by their own labour capacity, and not by the rules of labour organisations."** A struggle against "trade union restrictions" which restrict "individual liberty" such was the fighting slogan of the employers of 1925. In February the Conservative, Macquisten, brought in a Bill—on his own initiative as M.P.—concerning the political levy in the trade unions. Macquisten demanded that the automatic levy of dues on behalf of the Labour Party in the trade unions be abolished. The Baldwin Government, which at that time avoided sharp social conflicts, then refused to support this Bill. But the question was not definitely shelved and at the commencement of 1926 the Conservatives again intend to raise it. In Germany the owners are conducting an intense attack against social legislation. The German industrial magnates assert that social insurance fees are so great that they ruin all possibilities of competing on foreign markets (according to the calculations of the "Exchange Gazette" in 1924 the employers spent 4.3 milliard gold marks on social insurance fees, but according to the statistics of the Ministry of Labour—only 2.15 milliards). The Association of German Employers in their official "economic programme" openly states: **"The preservation of far-reaching social insurance is only possible if the contributions of all sections of industry for social objects will correspond with the real productivity of labour."** Thus the struggle to cheapen labour power during the year of stabilisation acquired the nature of more delicate and elaborate manœuvres.

than the simple offensive of the owners on wages. In this situation almost all class battles of the proletariat bore an almost exclusively **defensive** nature (direct or indirect). It is only natural that this position aroused in the working masses the consciousness of the need for unity of the working class front for the struggle with the organised front of capital. The year 1924-25 will go down in the history of the working class as a year of exceptional struggle for the unity of the world trade union movement.

1. Unemployment.

The most vivid expression of the economic crisis is unemployment. Unemployment not only shows the position of the working class, but also the nature and tempo of the capitalist economic crisis. In 1924-25 unemployment retained all the features which were characteristic for the entire post-war period, namely, interdependence of crises, currency, export and unemployment. The lower the currency, the lower unemployment, and the lower prices in gold values, whilst with a firm currency, greater is unemployment. Finally, the growth and decline of exports are adversely proportional to the growth and decline of unemployment. At the same time in countries where the fall in prices has been a long process, unemployment has been particularly extensive and persistent, whereas in countries where the fall in prices has been a short process, and thereupon a process of ascendancy or stabilisation has commenced—the decline of unemployment has been more rapid. That is the reason why the crisis affected France and Italy less than any other countries, unemployment being almost unknown there. In Great Britain, after a slight decrease in 1924 (result of the crisis in Germany) there was a new spurt at the commencement and particularly in the middle of 1925. In Germany after a decrease of unemployment in the second half of 1924, there was a tremendous increase of same during the second half of 1925. In Belgium where unemployment completely disappeared in 1923 (occupation of the Ruhr) it appeared again at the end of 1924. Unemployment in Poland, Austria and Hungary is very acute. It is particularly interesting to note the increase in unemployment in the British dominions (Canada, Australia, India) and in the East. Japan has never yet experienced such unemployment as in 1925.

The general picture of the movement of unemployment since 1923 may be visualised from the following figures:

Movement of Unemployment in 1923-25.

	Great Britain	Germany	Holl'd	Denmark	Sweden	France		
Year	% of un- employed in unions	% of un- employed among insured work- ers	% in trade unions	% among insured work- ers	% in unions	No. seek- ing em- ploy- ment		
1923 :								
January	13.7	13.1	4.2	19.3	21.8	20.5	13,235	
April	11.3	11.4	7.0	10.4	11.0	14.9	9,684	
July	11.1	11.5	3.5	10.6	7.5	9.1	8,775	
October	10.9	11.7	19.1	11.0	8.0	8.2	11,223	
1924 :								
January	8.9	11.9	26.5	22.4	21.6	13.6	12,357	
April	7.5	9.7	10.4	7.1	8.1	11.6	8,921	
July	7.4	9.9	12.5	7.0	5.4	6.2	8,592	
October	8.7	11.1	8.4	8.2	7.0	8.4	10,483	
1925 :								
January	9.0	11.5	8.1	14.5	16.9	14.8	12,413	
February	9.4	11.6	7.3	11.7	16.8	13.5	—	
March	9.0	11.4	5.8	9.4	15.1	12.0	—	
April	9.4	11.2	4.3	7.7	13.5	10.9	12,188	
May	10.1	11.2	3.6	6.9	12.1	7.8	—	
June	12.3	12.2	3.5	6.9	9.0	8.2	—	
July	11.2	11.1	3.7	8.3	8.3	7.6	10,548	
August	11.4	12.1	4.3	9.5	9.2	7.7	—	
September	11.4	12.0	4.5	7.7	9.9	8.5	10,099	
October	11.3	11.4	5.8	8.0	12.7	10.0	—	
November	11.0	11.5	10.7	—	18.3	—	—	
	Austria	Poland	Belg'm	Hung'y	Canada	U.S.A.	Australia	
	No. receiv'g relief		% in sick funds		% in Unions	Index no. engaged in production	% in Unions	
Year								
1923								
Jan.	161,227	—	3.9	—	Avg.	1923	Mar.	7.2
Apl.	132,226	—	2.4	8.5	for		June	7.1
July	87,155	—	2.2	6.5	year	100	Dec.	6.6
Oct.	73,810	—	1.9	6.5	4.9			
1924								
Jan.	119,766	—	3.7	10.3	Avg.	Aug.	Mar.	7.6
Apl.	82,524	—	2.9	11.6	for	1924	June	8.3
July	66,457	—	3.2	15.0	year	85.0	Dec.	10.3
Oct.	38,237	—	2.9	15.7	7.2			
1925								
Jan.	187,103	172,420	6.1	20.2	10.2			
Feb.	—	184,430	—	—	9.5			
Mar.	—	183,640	—	—	8.5			9.3
Apl.	148,477	178,480	7.1	20.2	8.7			
May	—	173,140	6.2	—	7.0	90.9		
June	—	171,340	5.8	—	6.1			10.2
July	111,886	174,977	5.1	over 20.0	5.2	89.3		
Aug.	—	184,910	3.9	—	4.4	89.9		
Sept.	119,006	207,410	2.6	—	5.7			
Oct.	131,096	213,480	2.5	—	5.1	92.3		
Nov.	—	200,000	—	—	—			

Great Britain continues to be the country with the highest and most acute unemployment. Unemployment in 1925 was almost as high as at the commencement of 1923 and three times more than the average unemployment figure for

1907-13. But the crises of pre-war days were of a relatively brief nature, while now, on the contrary, this is a **chronic** phenomenon. Since 1921, the number of unemployed has never been less than one million. The highest point was reached in June, 1921, when the figure was 2,171,000 (23.1 per cent. organised workers). In 1924 the situation somewhat improved in connection with the crisis in Germany. But already at the commencement of 1925, the figure of unemployed commenced to increase and in June reached dimensions equal to the commencement of 1923—1,280,000 (i.e., 228,000 more than a year previously). In the autumn of 1925 unemployment became stabilised and even decreased slightly. In October out of 11.8 million insured workers, there were 11.4 per cent. unemployed (in October, 1924, 11.0 per cent.). In November the percentage of unemployed in the trade unions was 11.0 as against 12.3 per cent. in June, 1925. It should be pointed out that by no means all the unemployed are included in the register, owing to the measures taken by the Conservative Government. Large numbers of unemployed deprived of relief are compelled to ask for Poor Law Relief from the Boards of Guardians.

Whereas in 1913-14 fifteen million pounds sterling were expended on Poor Law Relief, in 1925 this sum exceeded fifty millions. In October, 1925, the number of people receiving relief from the Guardians was 14 per cent. larger than in October, 1924. The number of unemployed receiving Poor Relief in September, 1925 reached the ponderous figure of 438,000 (110,000 more than September, 1924).

Those branches of industry that were hardest hit were coal and iron, i.e., the main export branches. From October, 1924, to October, 1925, the number of unemployed in the mining industry increased by 116,878—from 129,994 to 246,872. Besides this 40,000 to 50,000 had no right to relief. The industry in the most favourable position is textile, which in July, 1925 had 60,000 unemployed as against 120,000 in 1923, the number of workers in the textile industry remaining unchanged at 576,000. In October, 1925, the registered unemployed in the four main groups of industry were as follows:

1. Mining industry	...	...	19.9 per cent.
2. Metal, Textile and Shipbuilding			14.9 „
Including:			
(a) Metal Industry, 20 per cent.			
(b) Textile, 8.1 per cent.			
3. Seasonal industry	...	...	8.1 „
4. In all others	...	...	9.9 „

The correlation of prices, export and unemployment is striking.

Year	Average per cent. of unemployed in T.U.	Index wholesale prices (1913—100)	Exports in mill. £.
1921	15.3	181.0	56.8
1922	15.4	159.5	59.9
1923	11.5	162.1	63.9
1924	8.1	173.9	66.2
1925 Jan.	9.0	177.1	69.0
„ June	12.3	161.6	58.9
„ July	11.2	165.1	64.8
„ Sept.	11.4	164.4	60.7
„ Oct.	11.3	160.8	67.1

With regard to prices, this proportion would seem to be destroyed in 1925. But this proportion of prices and unemployment is once more established if we take the results for the whole year round.

One may judge as to the nature of unemployment from the fact that at the commencement of 1925 there were 330,000 unemployed who had been out of work for two years.

Within the proletariat a shifting of the various social strata and disqualification of a section of its main cadres is taking place. In 1924 alone 100,000 shipbuilding workers, 50,000 metal workers, 40,000 employees in wholesale trade, financial institutions and insurance organs, left skilled jobs; in juxtaposition to this the number of workers in retail trade in which less skilled labour is demanded, increased by 90,000. In the mining industry things remained without a change (the influence of the favourable conditions in 1924).

The significance that this mass reserve army has for the government is eloquently shown by the fifty million pounds which the State has to spend yearly on subsidies to the unemployed.

In Germany the rate of development of unemployment has been quite different from that of Great Britain. Here the rise and fall of prices has been a frequent and short process and has caused rapid and sharp changes in the unemployment figures. The curve of German economy during the second half of 1924, has an upward tendency in connection with the receipt of credits after the London Agreement (Dawes Plan). Unemployment decreased—from 25 per cent. at the commencement of 1924 to 12.5 per cent. in June and

8.1 per cent. in January, 1925. But already in the first quarter of 1925 a stoppage of credits commenced, and then outside impulses to growth almost completely failed. Exports—the source of Germany's financial resources, proved to have fallen almost 35 per cent. below imports. The lack of capital and credit redoubled with the simultaneous re-organisation of industry (the collapse of vertical associations and re-birth of trusts) and with the tremendous taxes comprising one-third of the total national income of Germany.

As a result at the end of 1925 there was a most grave economic crisis which in the Annual Report of the Berlin Chamber of Commerce is characterised as being even more serious than the catastrophe of 1923.

The following table shows the unemployed movement in 1925 in the trade unions and the number of people receiving unemployment benefit.

Movement of Unemployment in 1925.

Month	Per cent. of unemployed in T.U.'s	Per cent. of partially unemployed in T.U.'s.	No. receiving relief.
January	8.1	5.5	I-I-25 535,000
February	7.3	5.3	I-2-25 592,000
March	5.8	5.1	I-3-25 540,000
April	4.3	4.9	I-4-25 466,000
May	3.6	5.0	I-5-25 320,000
June	3.5	5.2	I-6-25 234,000
July	3.7	5.8	I-7-25 195,000
August	4.3	5.9	I-8-25 197,000
September	4.5	8.5	I-9-25 231,000
October	5.8	12.4	I-10-25 266,000
November	11.0	22.3	I-11-25 364,000
			I-12-25 669,000
			15-12-25 1,057,000
			I-I-26 1,485,931

The number of workers receiving relief by no means exhausts the total number of unemployed. It does not include the unemployed engaged on public work and people no longer having any right to relief (i.e., "Ausgesteuerte"—period for receiving relief being limited to 26-39 weeks).

These figures show what gigantic dimensions unemployment assumed at the end of 1925. In Berlin alone there were 143,000 unemployed in the middle of December. The

branches that suffered most were heavy industry and engineering. For June-September, 1925, 10 per cent. of the workers in the Rheno-Westphalian mining industry were dismissed. In September, there were 5.1 per cent. unemployed and 16.8 per cent. working short time in the metal industry. In the leather industry the corresponding figures in October were 6.9 per cent. and 37.7 per cent. It is interesting to note that in the textile industry, just as in Great Britain, unemployment was relatively small: 2.8 per cent. in September and 2.7 per cent. in October.

Movement of Prices, Unemployment and Export in 1925.

Month	Index Price (1913=100)	Exports in (mill. marks)	Per cent. unem- ployed in T.U.'s
January	138.2	695.7	8.1
April	131.0	670.0	4.3
July	131.8	742.8	3.7
September	125.9	176.6	4.5

After Great Britain **Holland** and the **Scandinavian** countries suffered most from unemployment in the post-war period. In Holland the process of falling prices was protracted, while unemployment assumed a drawn-out and chronic nature. Unemployment reached its maximum dimension in February, 1922—18.8 per cent. in the T.U.'s, and in January, 1924, 19.7 per cent. In 1924 a considerable reduction in unemployment took place, which afterwards in 1925—particularly during the second half-year, commenced again to increase. In the Scandinavian countries improvement set in in 1923 and continued in 1924, accompanied by an increase in prices in Norway and Denmark and stabilisation of prices in Sweden. By the autumn of 1925 the unemployment curve made a sharp upward move in all the Scandinavian countries. The movement of prices, unemployment and exports in 1925 in all these countries was as follows:

1925	HOLLAND			DENMARK			SWEDEN		
	% insured un- em- ployed	Index Price (1913 equals 100)	Ex- ports (in mill. guld.)	% insured un- em- ployed	Index Price (1913 equals 100)	Ex- ports (in mill. kron- en.)	% un- em- ployed in T.U.	Index Price (1913 equals 100)	Ex- ports (in mill. kron- en.)
Jan.	14.1	160	139.9	16.9	234	170.3	14.8	169	80.3
Apr.	7.7	151	144.3	13.5	216	162.6	10.9	163	85.7
July	8.3	155	161.5	8.3	212	163.6	7.6	161	133.9
Sept.	7.7	155	177.7	9.9	186	136.4	8.5	157	131.7
Oct.	8.0	—	—	12.7	179	—	10.0	—	—

The international nature of the crisis was clearly shown in these countries by the fact that the crisis everywhere struck the export industry most heavily and in the first place

the building and furnishing trades; the textile industry suffered least of all like in Germany and in Great Britain.

A very serious stabilisation crisis prevailed in all countries in Central Europe—except Germany, which suffered from considerable currency fluctuations. **Poland** hardly experienced any unemployment. Inflation caused an unusually favourable export trade. Commencing with 1924 from the time of introducing a stable currency, the unemployment figure rose and in the second half of 1925 assumed catastrophic dimensions for the State. The tariff war with Germany, the absence of trading capital almost killed production. According to official statistics of the Minister of Labour and Bureau of Social Insurance, there were 239,037 unemployed on Nov. 21, which amounts to one-third of the entire industrial proletariat in the country. Unemployment spread to all important industrial centres. In Upper Silesia there were 61,269 unemployed in November, in Lodz, 51,147, in the Dombrova Basin, 23,779. How serious the situation was may be seen from the memorandum presented to President Voitsekhovsky in Nov. 1925, by the Associations of owners, bankers, trades and landowners. "The economic life of Poland" states this memorandum, "is dying day by day. The number of unemployed already exceeds 35 per cent. of the total number of workers engaged in industry. The remaining work only 3 to 5 days in the week, so that out of every six workers engaged there are actually four unemployed. It will soon come to pass that the minority will have to feed the majority. . . ."

In **Austria** unemployment has assumed a chronic nature. From June, 1924 to February, 1925, the number of employed was **trebled**, reaching the record figure of 188,199 workers receiving benefit or 16 per cent. of the entire proletariat. This period coincided with the crash of big Austrian banks which had been speculating on French currency, and with the maximum deficit in trading capital. After this unemployment began to decline a little, but by autumn revealed a new tendency to increase. In Oct., 1925, the number of unemployed receiving benefit amounted to 131,096. Unemployment was greatest among metal workers, employees and unskilled labourers. What is characteristic of modern Austria is the role of the League of Nations in the unemployment question. The High Commissioner of the League of Nations in his 25th report on the situation in Austria, points out that "besides external factors there are other factors existing within the country which make the crisis more acute. . . . These include social legislation, which makes

the cost of production higher than in the countries competing with Austria. . . ." On the other hand the Vienna "Chambers of Workers and Employees" in the Spring of 1925 applied to the Chancellor with the request to solicit the U.S.A. Government through the League of Nations to permit the immigration of 500,000 Austrian workers.

Hungary is also experiencing a stabilisation crisis, caused by the transition to stable currency which has found expression in the mass increase in unemployment. From 6.6 per cent. in the trade unions in Sept., 1923 the number of unemployed rose to 17.3 per cent. in Dec., 1924, and to 20.5 per cent. in March, 1925.

We observe quite a different state of the market in countries with low and falling currency. In **Italy** for the year March, 1924-25 the number of unemployed decreased by 76.2 thousand workers (from 218.7 thousand to 142.5 thousand). Simultaneously the lira for the half-year August, 1924, to February, 1925, fell by 8 per cent. in relation to the dollar while wholesale prices increased in 15 per cent. In **France** unemployment is almost completely absent. In 1924 and particularly in 1925 industry was still under a greater load than during preceding years. If we take the condition of industry in 1923 as being 100, then it is expressed at a figure of 96.9 for 1923, 111.6 for 1924, 128.5 for Jan. 1925 and 109.3 for April, 1925.

In September, 1925, there were altogether 618 unemployed receiving benefit and 10,090 people seeking work. The uninterrupted reduction of unemployment was accompanied by a falling currency (one of the causes of the extension of the crisis in Germany) and an increase on exports.

Period	Export mill. francs	Unemployment (No. seeking work.)
1925, January	... 1,048	12,413
1925, April	... 1,040	12,188
1925, July ...	... 1,136	10,548

Unemployment in the **United States of America** presents quite a peculiar picture. Here there is a permanent industrial army which even in the years of the most favourable economic situation never fell below to 1½ to 2 millions. This situation was particularly enhanced by the mass influx of unskilled labour power from Europe before the war and the extraordinary development of technique during recent years.

According to investigations of the private statistical bureau Russel Gage Foundation, during five years, 1910-14, the average yearly figure of unemployment—irrespective as to the economic situation, represented 10 to 12 per cent. of the total number of workers. That is why despite an increase in the cost of production, by 10 million dollars, the number of unemployed has practically remained unchanged.

In the United States, there is no accurate registration of the number of unemployed, as there is no State insurance against unemployment and absolutely no general State statistics are kept. An indirect indication, however, are the data furnished by a number of enterprises concerning the number of workers engaged in same. If we take 1923 as basis (index—100) the situation is as follows:

August, 1924	...	...	...	...	85.0
May, 1925	...	...	...	...	90.0
August, 1925	...	...	...	...	89.9
October, 1925	...	...	...	...	92.3

The depression which reached its apex in the middle of 1924 and threw about one million workers out of production, was succeeded by a rise after the second half year which became particularly marked in the last quarter of 1925. The metal, automobile, furnishing and textile industries became particularly active.

As we already indicated, a colossal social problem in America consists in the substitution of man power by machine power. By way of illustration of this we will cite a few examples. One coal company has introduced new loading machines this year, whereby two workers will now accomplish the work of 30. The engineers declare that this machine is the "best method for solving the labour problem in the mining industry." An improved drilling machine introduced recently into a certain engineering works according to the "Iron Age" reduces work from 80 minutes to 30 minutes. The well-known rubber tyre firm, Goodrich and Co. now turns out the same number of tyres as in 1920 with 15,000 workers. In the textile industry where there were 4-6-10 machines; there are now 36. The present equipment of the metal industry allows the yearly demand to be covered in seven months, and in the glass industry in 17 weeks.

Finally mention should be made of the considerable unemployment in the Dominions and in the East. In Australia there was practically no unemployment before the war. After

the war the unemployment movement began to ascend, decreasing in 1923, but again sharply increasing subsequently. The number of registered unemployed from 1918 to 1925 was:

1918	...	...	17,536	3 per cent.
1921	...	...	40,549	5.7 per cent.
1923	(April)	...	27,112	3.9 per cent.
1924	(July)	...	83,806	12.0 per cent.
1925	(July)	...	117,496	16.8 per cent.

In **Canada** unemployment in 1925 was considerably higher than in 1923—7.2 per cent. as against 4.9 per cent. In 1925 the movement of unemployed began to decrease. In January, 10.2 per cent., April 8.7 per cent., July 5.2 per cent.—but in October it still comprised 5.1 per cent. of the workers in the trade unions.

In **Japan** after the earthquake, the position of the labour market resembled Europe after the war. The difficult financial position compelled the government to turn to London and New York for loans. From July, 1924, a rise of prices began and then was followed from November by a stabilisation crisis. Exact statistics of unemployment in Japan are now recorded and the dates vary greatly. During this period, according to information of the Union of the Chambers of Commerce, there were 3.4 million unemployed, and according to data of the Administration of Social Affairs there were altogether 932,000. In August, 1925 the number of unemployed in the six largest towns increased by 30 to 40 thousand in each.

2. Wages.

There is no other question of statistics which meets with such difficulty as that of calculating real wages. In addition to fluctuations of prices and of the purchasing power of wages, numbers of other factors have to be taken into consideration—working hours, overtime work, piecework, etc. These difficulties are all the more considerable in making international comparisons of the level of wages, owing to the different currencies, and dissimilar methods of calculation, etc. But nevertheless, the statistics collected by the International Labour Bureau, by various Ministries of Labour and labour organisations, make it possible to observe a general **tendency** of the development of wages during the years of stabilisation. Although, as has already been stated, the owners' offensive during this period did not mainly attack wages, nevertheless, during these years also an absolute

decrease of wage rates took place nearly everywhere, this being the simplest method of cheapening the cost of production.

If we take the relative index of real wages in a number of the largest centres in the world, as formulated by the International Labour Bureau on the basis of the material of the States Statistical Bureaux and municipalities, the following picture is given for a year of stabilisation (July, 1924) :

Index of Wages in the Most Important Cities.

(London: July 1st, 1924—100.)

City	July 1, 1924	July 1, 1925
London	100	99
Philadelphia	214	180
Amsterdam	89	83
Berlin	55	63
Brussels	59	54
Paris	73	65 (April)
Prague	56	48
Stockholm	81	74
Vienna	47	42

This table without the slightest doubt suffers from excessive "optimisin" which is even affirmed by the central organ of the German trade unions "Gewerkschaftszeitung." But even this paper shows at a glance the decrease for this period—exception Berlin—of the standard of living of the working masses in the European capitals.

On the other hand, this table also shows the comparative wages of the various countries. The wages of the American worker are twice as high as those of the British while the latter are almost twice as high as the German. The lowest wages are in Austria.

The correlation shown in the table is confirmed by a whole number of statistics according to separate branches of production. For instance, the following is the comparative nominal wage in a uniform currency in the electrical industry, lithography, building, metal, textile, marine and leather. (The latter have a comparative index).

Weekly wage in electrical industry at commencement of 1925 (in shils.)¹

U.S.A. (approx)	...	...	...	...	...	...	120
Great Britain	...	...	...	...	...	...	60
Sweden	...	...	...	...	...	...	63
France	...	...	...	...	...	...	40
Germany	...	...	...	...	...	...	30

Weekly wage of the lithographers in middle of 1925 (in rbls.)²

Great Britain	...	...	...	...	...	...	38.6
Sweden	...	...	...	...	...	...	27.9
Holland	...	...	...	...	...	...	28.6
Germany	...	...	...	...	...	...	22.03
Australia	...	...	...	...	...	...	15.4
Belgium	...	...	...	...	...	...	16.1

Comparative index of seamen's wages in middle of 1925 (Australia—100).

Australia	...	...	...	...	...	...	100
U.S.A.	...	...	...	...	...	...	76.1
Great Britain	...	...	...	...	...	...	56.2
Sweden	...	...	...	...	...	...	47.3
France	...	...	...	...	...	...	32.5
Germany	...	...	...	...	...	...	26.8
Japan	...	...	...	...	...	...	23.1
India	...	...	...	...	...	...	8.7

Weekly wage of stonemasons in middle of 1925 (in German marks).³

U.S.A.	...	...	...	...	...	...	227.2
Great Britain	...	...	...	...	...	...	82.1
Sweden	...	...	...	...	...	...	86.4
Germany	...	...	...	...	...	...	56.1
France	...	...	...	...	...	...	40.3
Austria	...	...	...	...	...	...	40.3

Weekly wage of skilled metal workers of middle of 1925 (in German marks).⁴

U.S.A.	...	...	...	...	...	...	203.8
Great Britain	...	...	...	...	...	...	47.4
France	...	...	...	...	...	...	37.8
Germany	...	...	...	...	...	...	34.5
Austria	...	...	...	...	...	...	34.0

Weekly wage of cotton spinners in middle of 1924 (in German marks).

Sweden	...	...	...	...	...	...	41.6
Great Britain	...	...	...	...	...	...	59.1
France	...	...	...	...	...	...	25.5
Germany	...	...	...	...	...	...	22.5
Austria	...	...	...	...	...	...	16.7

Relative purchasing value of leather workers' wages (England—100).⁵

Great Britain	...	...	...	...	...	...	100.0
Sweden	...	...	...	...	...	...	100.6
France	...	...	...	...	...	...	60.6
Germany	...	...	...	...	...	...	46.7
Austria	...	...	...	...	...	...	45.5

¹ Statistics collected by Chairman of British Association "Electrical and Allied Manufacturers."² Statistics of International Federation of Lithographers.³ From the Economic Supplement of "Frankfurter Zeitung."⁴ March, 1925.⁵ From report of Leather Workers' International Congress, September, 1925.

The Swedish rates are the highest level in Europe (with the exception of British textile workers). The very last place is taken by the textile workers and lithographers of Germany and Austria. If it is borne in mind that the living minimum in Germany is very high—much higher than the French then the material conditions of the German workers become clear despite the fact that in Germany the rise of real wages during the last years has been proceeding steadily though slowly.

At the same time 1924-25 was marked by a sharp divergence of the "scissors" between the wages of the skilled and unskilled labour. It is well-known that after the war throughout practically the whole of Europe—and particularly in countries of falling currency—the wages of unskilled workers gradually began to approach the wages of skilled workers. The stabilisation either stopped this process, or else turned it round in the other direction. This is to be seen with particular blatancy in Germany. According to calculations of the Social-Economic Bureau of the R.I.L.U., the percentage relation of weekly wages of unskilled workers to the wage of skilled workers 1924-25 was as follows:

1913-14	...	...	...	68.5 per cent.
Nov. 1923	...	...	...	84.0 „ „
June, 1924	...	...	...	79.0 „ „
Sept. 1925	...	...	...	73.3 „ „

The "Frankfurt Economic Bulletin" reproduces the following absolute figures of the movement of wages of trained and untrained workers in the first half of 1925 (in marks).

1925	Miners		Metal workers		Builders	
	Skilled	Unskilled	Skilled	Unskilled	Skilled	Unskilled
Jan.	43.4	31.6	37.9	26.1	41.2	34.7
June	45.8	32.5	41.5	28.3	51.8	41.2

It is clearly seen from the above that the rise in wages characteristic for the whole German industry in 1925 was by no means favourable to unskilled labour.

We have an analogous picture in Great Britain. In the mining industry the index of real wages of hewers and unskilled workers in 1924-25 was as follows (1913-14=100):

Year		Hewer	Unskilled worker
Jan., 1924	...	75	80
June, 1925	...	85	85

In other words the index of wages of skilled workers caught up the index of wages of the unskilled. In the present case we have almost the pre-war "scissors."

The wages of builders in the United States of America show an absolute rise for skilled workers and decrease for unskilled (rate per hour in the centres) :

Trade	May, 1923	May, 1924
Skilled plasterers ...	130.6	142.8
Auxiliary building workers	72.8	70.7

This problem of correlation of skilled and unskilled labour is of tremendous significance for the subsequent fate of the Labour movement. The mechanisation of labour, the Fordisation narrows down more and more the circle of skilled labour power, replacing it by what is termed semi-trained. According to Ford's calculations 43 per cent. of the workers in his factories can work after one day's training, 36 per cent. from 1 to 8 days, 6 per cent. up to two weeks, and the remaining after a more lengthy period. That is a process of production which demands not less than 50 per cent. of skilled workers in Europe. Long experience and all-round professional skill now take a back seat, their place being taken by a rapid and skilful activity of the mechanic who is in charge of the long endless chain of moving platforms. This is how a narrow group of highly paid labour is created within the working class, and, of course, the narrower the dimensions of this group the more difficult it becomes to draw it into the general proletarian struggle.

Finally if we follow the development of wages for the last year in each separate country, we may be convinced of the lowering of the standard of living of the workers everywhere. In July, 1925, the British Ministry of Labour published a report on the position of the working class for 32 years. This report officially certifies that in 1924 the real wages of the British were 20 per cent. lower than in 1920. In 1921 they comprised 93.5 per cent., in 1923, 77.6 per cent., and in 1924, 80.2 per cent. In 1924, thanks to a certain improved economic situation, not only was unemployment decreased, but in general the material well-being of the workers improved. But in 1925 the wage level once more fell. Whereas for the 11 months of 1925 (Jan.-Nov.) the rise in wages affected 850,000 workers to the extent of £79,000 in a week, the corresponding figures for 1924 were 2,999 thousand workers and 611.3 thousand pounds sterling. However, on the other hand, the decrease in wages for the same

period affected 853,000 workers to the extent of £157,000 as against 487,000 workers and £61.8 thousand in 1924. Practically one-half of the decrease was effected in the mining industry—£67.1 thousand to 397,000 miners; next come the building industry—£35.8 thousand to 170,000 workers and transport—£40.4 thousand to 151,000 workers.

During the whole of 1925 the decreases in wages during one week exceeded increases by £79,200.

But this was but little for the owners. In the December number of the "Statist," closely connected with the Ministry of Finance, an article appeared in which it is proved that there is no poverty in Great Britain, as the unemployed enjoy, as the article states, high benefits from the State and as a matter of fact the whole evil comes from high wages. At the same time a scheme artfully and skilfully drawn up by the French Professor Ruffé is presented, from which the parallel movement of high real wages and unemployment become apparent.

Everybody is also aware of the tremendous social conflict which took place in the mining industry in the middle of 1925 on the basis of the coalowners' attack on wages, a conflict which ended in a "rotten compromise" at the expense of the taxpayers, by way of a "bribe to industry"—a governmental subsidy.

There is no doubt that there will be a stiff struggle for preserving the level of real wages in the future, when the governmental subsidy will be terminated next May, and a new attack by the owners will be inevitable just on this line of least resistance. The governmental programme expounded by Baldwin in July of last year to the miners' delegation whereby a reduction of wages throughout the whole industry would be inevitable, goes to show this.

In Germany after the stabilisation of the mark in 1924 the wage level at first with interruptions, and then more continuously, showed an upward tendency. In the middle of 1925 wages were approximately stabilised at 70 to 75 per cent. of the pre-war standard. In the autumn a slight rise again set in. According to statistics of the Imperial Statistical Bureau for the period January, 1924 to August, 1925, the rate per hour for skilled workers increased on an average by 58 per cent. and for unskilled by 45 per cent. On this basis the owners declared a war against "excessive" claims of the workers. In the memorandum of the Association of

German employers sent to the Chancellor, it is stated that the rate of increase of wages does not correspond with the rate of economic growth. At the same time the owners take for their starting point the period of lowest wages, the commencement of 1924, when real wages were only one-third to two-fifths of pre-war; "whereas," complained the owners, "the general productivity of industry is only 70 per cent. of pre-war, the burden of social expenditure has increased by 60 to 100 per cent. and the cost of labour power nominally by 50 per cent., real wages being the same as before the war." Meanwhile, if we take for instance the position of the miners, we then see that as the owners themselves acknowledge (*Deutsche Bergwerkszeitung*, 18-9.25), the productivity of labour of one worker in the Ruhr Basin is higher than pre-war, comprising 936 tons per shift in 1913, 902 tons in March, 1925, 971 tons in August and 1,000 tons in November. This is attained by increased exploitation of the workers by means of an extensive application of bonus and overtime work, while at the same time closing down a number of mines. Simultaneously, wages decreased from 6.4 marks in 1913 to 4.7 marks in October, 1925, constituting only $73\frac{1}{2}$ per cent. of pre-war. If, for instance, we take the living minimum at the end of November, 1925, as calculated by the well-known Social-Democrat statistician, Kutchinsky, who is not distinguished by any particular generosity with regard to the workers (the budget is expressed in calories: 3,000 calories for adults, 2,400 for women and 1,600 for children) while in December, 1925, the weekly living minimum of a family of four should have been 33.25 marks, i.e., the miners had to eke out an existence of semi-starvation in the literal sense of the word (prices of products in Berlin and in the mining districts are practically the same: at the end of November in Berlin and Dortmund products cost: one wheaten loaf 0.48 and 0.50 marks, meat 2.20 and 2.20 marks, butter 4.70 and 5.00 marks, a litre of milk 0.33 and 0.32 marks respectively, etc.).

The memorandum of the employers gave rise to an extremely curious and characteristic exchange of memoranda between the employers and the reformist management of the General Federation of German Trade Unions. The trade union administration accused the owners of "egoism" and the desire to place all the "burden of reconstruction" on the shoulders of the working class. The owners parried this blow, turning the whole centre of the dispute on to the burden of insurance contributions "unbearable for German capitalism and at the same time alluded to the very fantastic sum of 2.7 milliard marks in 1925 which was twice the

sum indicated by the Ministry of Labour. The administration of the Trade Union Federation in its last reply of August 15th stated that: "It sees the difficulties of German industry," and is "ready to consider the position."

France is the only country in Europe which for a long time after the war was in an equally favourable position both with regard to unemployment and wages. From 1924 the franc sharply fell and the increase of nominal wages began to lag more and more behind the nominal increase in the cost of living. Whereas, for instance, the index of retail prices (for 13 articles of primary necessity) in the first quarter of 1925 was 442, the index of the wage of miners' working underground was 428. The comparative hourly wage of metal workers in 1923-25, according to the statistics of the Owners' Association, was as follows:

	1923	1925 (1st half-year)
Locksmith	3.15 fr.	3.66 fr.
Metal turner	3.23 fr.	3.83 fr.
Unskilled labourer ...	2.01 fr.	2.49 fr.
Index of retail prices (1914=100)	331.00 fr.	438.5 fr.

Thus the cost of living increased by 25 per cent. during this period, while the wages of a locksmith approximately by 17 per cent., a turner by 20 per cent. and labourer by 25 per cent.

These figures also confirm the general tendency of the approximation of the wages of skilled and unskilled labour in countries with a falling valuta.

Another phenomenon of inflation similar to that of Germany in its time is the considerable decrease in the standard of living of persons with so-called free professions and of employers and radicalisation of these elements. The 47 days' strike of bank employees in October-November of last year is a striking example of this. Just as that time, the fighting slogan of the working class is the establishment of a sliding scale of wages, with a simultaneous stabilisation of the currency.

Finally, a country with growing capitalism and a workers' aristocracy of millions—the **United States**. Here, on the whole, we have a level of real wages higher than pre-war. According to information of the Employers' Organisation—the National Industrial Conference Board—which covers 22 branches of industry, the index of wages (1914 equals 100) in April, 1925, was: 228 for skilled workers and 234 for unskilled workers. The index of the cost of living at

that time equalled 173. These statistics of the employers are certainly rather coloured, but, nevertheless, they give a general idea. All the more so, as these figures almost correspond with the trade union statistics which are published in the official "Labour Review": The average increase for all branches of industry in May, 1925, was 225 as against 1914, the cost of living index being 173. Those are the rates of organised workers, the wages of the unorganised being considerably lower. In general, the distinctive feature in America is the extraordinary inequality in wages, not only between skilled and unskilled workers, between organised and unorganised, black and white labour, but even between whole branches of production and territorial regions. There are categories of workers such, for instance, as the printers, railwaymen, builders, automobile workers, where the entire mass can almost be included to the category of labour aristocracy. A railway conductor earning $5\frac{3}{4}$ dollars per day, a New York printer receiving on the average more than 40 dollars per week, a hewer, receiving in the mines of Idaho $5\frac{1}{2}$ dollars per day, can easily cover the high budget of 1,500 dollars per year drawn up by the Ministry of Labour, for the three main items of the budget of a family of five people—food, clothing and housing (four rooms with a bath). At the same time the weekly wage of New York leather workers in May, 1925, was 23.7 dollars, textile workers, 21.7 dollars, i.e. only one-half of the above-mentioned sums. The official estimate of the average wages of unskilled workers throughout the whole country, according to the data of "Survey of Current Business," shows 0.38 dollars per hour, i.e. 20.5 dollars for a 54-hour working week. But even in this Promised Land of capitalism the year of stabilisation was marked by an offensive of the employers on working class standards of living. In the textile industry in particular, large wage reductions were undertaken. In New England, one of the main centres of the textile industry, reductions amounted to 10 per cent., and affected more than 60,000 workers. In the State of Massachusetts a reduction of 10 per cent. was effected throughout the whole industry. Reductions were made in the wages of gas workers (about 150,000) and the workers of State enterprises. Finally, in the mining industry, the owners demand a reduction by 15-20 per cent., and have issued the slogan, "Back to 1917 wages."

3. The Eight-hour Working Day.

At the Vienna Congress of the Amsterdam International, in June, 1924, the reporter on the question of the eight-hour

day, the chairman of the Belgian Syndicalist Commission, Mertens, stated with pride that "the eight-hour working day, despite all the pression of the employers, none the less remained untouched in the overwhelming majority of European States." Then Albert Thomas, who followed him, stated that the International Labour Bureau "was a front-line trench in the defensive struggle of the working class against the attacks on the eight-hour working day."

A year later, another reporter, an Englishman, Tom Shaw, chairman of the Commission for the Eight-Hour Day at the Washington Conference in 1919, and member of the International Labour Bureau confessed at the Marseilles Congress of the Second International: "You would never have believed that the governments would not fulfil their obligations." In the resolution passed on his report, the Congress "recalls that each State which signed the Versailles Treaty is *morally* obliged to establish the eight-hour day by legislative means."

These two episodes throw strong light both on the physiognomy of the Second and Amsterdam Internationals, and also on their complete incapability of really defending the most vital interests of the working class. In Albert Thomas' "Trench" there are representatives of 55 States. Meanwhile, during the last two years the Washington Convention was only ratified by one State, the Government of Chili. Previous to that five States ratified the agreement, Bulgaria, Greece, India, Roumania, and Czecho-Slovakia. At the same time not one parliament sanctioned the ratification, and it was only in India that the correct law was passed—probably because the Washington Conference taking into account the lower cultural level of the Asiatics permitted a sixty-hour working week in India. The ratification of the draft law is also "recommended" to parliament in Belgium, Spain, Sweden, Italy and Latvia. In France, parliament has passed the draft law on the eight-hour working day, but has postponed its realisation until the eight-hour day be introduced in Germany. This is all right as far as higher morals and principles are concerned. But what about deeds? As we have already said, the main attack of the employers during the last year had been directed against working hours. If we take the mining industry, we see that nearly everywhere there has been an increase in working hours. In the second quarter of 1925 there was 2.6 to 5 overtime shifts worked for every miner. In the bituminous-mining industry,

according to statistics of the Imperial Union of the Mining Industry, the working hours overground have been extended to ten hours and 8 to 8½ hours underground without a break. In Great Britain, according to the law of August 15th, 1919, work underground lasts 7 hours: the "Sunday Times" of 25/1/1925 demands *Eight* hours. In Holland the working week has been increased by two hours (from 46 to 48 hours). In Poland—Upper Silesia—we see the same thing. In Austria, the Alpine Mining Society has introduced night and overtime work. According to an enquiry conducted at the end of 1924, by the General Confederation of the German Trade Unions, embracing 2,362,820 workers, the number working 48 hours and less amounted to 45.3 per cent. The remainder worked more than 48 hours, including 10.7 per cent. above 54 hours. In Poland, in August, 1925, an extension of working hours was introduced in the metallurgical industry of Silesia of up to 10 hours per day. In U.S.A. nearly half of the proletariat worked even more than eight hours per day. According to statistics of the Industrial Commission, 60.2 per cent. of the male workers and 61.9 per cent. female workers in New York work 48 hours per week or less. In the States of Georgia and Alabama two-thirds of the women workers are employed for more than 54 hours per week. But at the same time the number of enterprises introducing the 48-hour working week is increasing. In 1925 the well-known oil firm, Standard Oil Company, introduced the eight-hour working day in all its enterprises. This is taking place as results of the rapidly progressing technique, for which the ten-hour working day acts as a stranglehold. In this manner countries with a high technique are proceeding with a gradual introduction of a system of three shifts (8-hour working day), and countries with a backward technique to a 2-shift system (of 12 hours each).

4. The Economic Struggle.

The strike movement in 1925 bore a very intense and almost exclusively defensive character, mainly against wage reductions. In those cases, where strikes were conducted for wage increases, they have had in view the increased cost of living or the fall of the currency. The results of the strike movement in general have been not yet very favourable for the working class. The distinctive feature of this period was the length and stubborn nature of the struggle, together with a great number of compromises—particularly in Great Britain and in Germany. This latter circumstance is explained by the complicated social setting of the struggle, and in condi-

tions where the employers and bourgeois governments frequently retreat before this spectre of revolution and inevitable struggle of the working class for power. A classic example of such a conflict was the struggle in the British mining industry. In June the mineowners announced the old agreement to be annulled, and demanded a reduction of wages. The miners offered the most serious resistance. The trade unions firmly defended the miners. The General Council of Trade Unions and Executive Committee of the Transport Workers' and Railwaymen's Unions issued orders for a complete stoppage of work in the mines and the transport of existing reserve stock. The Baldwin Government got the wind-up and resorted to a high costing experiment—the governmental subsidy to the mining industry for nine months. In this manner, under pressure of social necessity, the Conservative Government introduced "Socialism in its worst form," as Lloyd George defined this experiment, leaving the profits to the private owners and nationalising the losses. On the most modest calculations, this subsidy will cost the government £20,000,000, which comprises half the cost of the maintenance of the army during the present year.

In July last the British Ministry of Labour published statistics of the strike movement for 20 years. From these statistics it may be seen that up to 1921 (the year of the first capitalist offensive) strikes rose on the grounds of demands for wage increases; in 1921-23 the movement was directed against the lowering of wages; in 1924, once more for wage rises, and in 1925, again against reductions. The most extensive strike movement was in 1921, when one and a-half million workers were drawn into strikes and 86,000,000 working days lost. For the eleven months of 1925 425,000 workers participated in the strike movement, with a loss of 7,088,000 working days as against 597,000 and 8,233,000 working days for the same period in 1924.

In **Germany** a number of big conflicts took place in connection with the expiry of the period fixed for collective agreements on August 31st. These conflicts became particularly acute in the building and mining industries. In the building industry strikes commenced even in July, on the ground of demands for wage increases, and affected 150,000 workers in Berlin, Baden, Saxony, Anhalt, and the Rheno-Westphalian region. The employers declared a lock-out, which ended in August by an agreement unfavourable to the workers. In the Ruhr the trade unions rejected the proposal of the arbitration commission for a continuation of the old collective agreement

up to October 31st. No agreement was arrived at, and the workers worked in September without an agreement.

The struggle was extremely acute in the **Scandinavian** countries. In March, 1925, with the re-concluding of collective agreements, the lock-outs that had been long prepared in **Sweden** and **Denmark** broke out almost simultaneously. The employers demanded a reduction in wages. The organised workers for their part demanded a rise in wages in view of the increased cost of living. The Swedish lock-out, which affected 130,000 workers, owing to the work of the reformists behind the scenes, ended, after 11 days, in compromise on the basis of retaining the old wages, and this despite the fighting mood of the working masses. The lock-out in Denmark, which affected 60,000 workers, and which brought about a sympathetic strike of transport workers, lasted several months, and ended with a certain amount of success for the workers—a slight rise of wages (about 3 per cent.).

The strike movement of the bank employees in **France** commenced in August in Marseilles and Angiers was conducted with great acuteness. The employees demanded a rise of 100 francs, in view of the cost of living. The strike affected 20,000 employees, and spread over the whole of France. After nearly 50 days' strike, the employees suffered complete defeat.

In the **United States of America**, the well-organised workers and anthracite miners, about 150,000 of them, have been conducting a long drawn out and heroic strike since August 31st, with a demand for a 10 per cent. wage increase. Finally, reference should be made particularly to the mass strike movements in **China** and in **India**, which for the first time have assumed such dimensions. The great strike of the textile workers in Shanghai ended in a partial victory for the workers. The strike of 150,000 Bombay Textile workers against the employers' demands to lower wages by 20 per cent. ended in victory for the workers. This is the first great strike and first big victory of the Indian working class.

5. Emigration.

The impoverished position of the European proletariat has also found expression in the change in the social structure of working class emigration. Whereas before the war the United States—the main reservoir of the emigrant stream—

absorbed the overwhelming majority of the unskilled working masses of Eastern and Southern Europe, at the present time the situation has sharply changed : on the one hand in Europe countries have appeared with highly developed industry exporting skilled labour power—Great Britain and Germany, while on the other hand the appearance of cheap labour power for Mexico and Latin America and the “ great colonisation ” of Negroes from the Southern agricultural States to the North (from 1916 to 1924 more than one million Negroes colonised) allowed the government to reduce the influx of “ disturbing ” elements from Eastern and Southern Europe. In 1925 the number of immigrants into the United States was 294,300 as against 706,000 in 1924 and 522,900 in 1923. The wave of emigration from the European peasant countries in Poland, Hungary, Yugo-Slavia, Italy and Spain, made their way to the new centre of gravity of emigration—the post-Versailles France, where about 3,000,000 foreign workers have collected. According to information of the International Labour Bureau in the seven Trans-oceanic countries conducting statistical records on the trade unions (U.S.A., Argentine, Canada, Cuba, New Zealand, Paraguay and South Africa), the number of immigrants according to trades in 1922-23 is distributed as follows :—

	1922.	1923.
Free professions	2.7 per cent.	2.5 per cent.
Skilled workers	13.2 per cent.	18.9 per cent.
Other trades	43.9 per cent.	43.6 per cent.
Without trades	40.2 per cent.	35.0 per cent.

From this we may see the increase of skilled workers emigrating from Europe. The emigration from Germany in 1925 (which is not a year of the highest post-war emigration) was three times greater than in 1913. In the first half of 1925 the number of people crossing the ocean from England was 27,626 as against 17,412 in 1924. To this should be added the restricted quota established by the U.S.A., which hold up the flow of emigration. In 1924-5 there were 62,200 for Great Britain and Ireland, and 51,200 for Germany. On the other hand, more than 85 per cent. of the Italian emigrants on the Continent go to France, where the demand for unskilled labour of builders, agricultural workers, labourers, etc., is still very high. Hundreds of thousands of Polish emigrants (of whom there are 60,000 in the mining industry alone) work in slave conditions on agriculture and in the mines in France. 274,000 “ Zouaves of industry ”—natives of North Africa (at commencement of 1924) are work-

in the Metropolis. Thus the Government of the Third Republic has created, after there was a "Foreign Legion"—almost cost-free sausage-meat for the ruling big capitalist clique in France.

During the second half of 1925, in connection with the increased crisis and tremendous growth of unemployment, the question of emigration assumed a very acute form. Meanwhile, the restriction laws in all immigration countries—in addition to all other circumstances—destroy the last illusions of the workers about "seeking happiness" across the ocean. In America, with the full approval of the American Federation of Labour, those persons not permitted on to the territory of the U.S.A. include illiterates, people of the Yellow race, anarchists, opponents of existing order, etc. For Chinese only the Pacific Ocean islands and Indonesia have become accessible labour markets, where terrible labour conditions prevail. The reformist trade unions have done nothing up to now to alleviate the lot of immigrant workers. The Amsterdam International, which pounced upon the idea of an "economic Locarno" at its December meeting of the Executive and on the joint session with the Executive of the Second International, in August, 1925, decided to summon an International Conference in London at the commencement of 1926, to discuss "questions of emigration and the economic problems connected with same."

Conclusions.

What conclusions may be drawn from all that has been stated here?

Firstly, it should be asserted that, despite certain individual, temporary and local improvements, the standard living of the working class on the whole "in the epoch of partial stabilisation" is steadily deteriorating.

Secondly, what is most important in this period in the elements of cleavage within the proletariat have multiplied greatly. The cleavage between those working and the million armies of unemployed, the cleavage between skilled and unskilled labour, between male and female, whites and coloured—such are the external reflections of stabilisation on the position of the working class.

The technical revolution now taking place in America threatens to throw more and more millions of the proletariat

into the slough of poverty and despair. In an article, "Exodus," of August 3, 1925, the ultra-Conservative "Morning Post," alluding to the movement within the mining industry, compared same with the industrial revolution in England in the end of the 18th and commencement of the 19th centuries, and states: "In such cases, a mass of all kinds of suffering is an inevitable result."

"But, what distinguishes," continues the paper, "the present situation from similar cases in the past is open and conscious attempt of the trade union leaders to utilise these circumstances to force on revolution."

These frank words of this Conservative paper correctly indicate the substance of the question; the changed social setting of the struggle. That is why the question of unity comes up in such sweeping and truly voluminous form. "The unity of the trade union movement," as Purcell states—"means power—the power of the working class in the struggle against capital." The realisation of unity means the first, and perhaps the most difficult, step along the path to the victorious proletarian revolution.

G. SMOLYANSKY.



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